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LEGISLATIVE HISTORY

Public Law 4--79th Congress

Chapter 4--1st Session
S. 375

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THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY

RESEARCH REPORT

NO. 1000

1.
2.

DIGEST OF PUBLIC LAW No. 4

Reestablishes the Federal Loan Agency as an independent executive agency in the executive branch of the Government, headed by an Administrator appointed by the President with the consent of the Senate, and transfers to that Agency all functions, powers, and duties which were transferred to the Department of Commerce under Executive Order 9071 of February 24, 1942.

Provides for the auditing, by the General Accounting Office, of the financial transactions of Government corporations. The audit shall begin with the current fiscal year, and a report of each such audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of the fiscal year for which such audit is made.

Summary and Index of history on S. 375.

January 22, 1945.	S. 375 introduced by Senator George, Georgia. Referred to the Committee on Commerce.
January 24-25, 1945.	Hearings. Senate. S. 375.
January 31, 1945.	Amended by Senate Committee on Commerce. Submitted Senate Report 30. Print of bill as reported with amendment. (Reported in recess).
February 1, 1945.	Debate in Senate. Passed Senate as reported.
February 2, 1945.	Print of bill as referred to House Committee on Banking and Currency.
February 7, 1945.	Print of bill as reported by House Committee without amendment. House Report 60.
February 14, 1945.	House Rules Committee submitted Report No. 145, to accompany H. Res. 137 for consideration of the bill.
February 15, 1945.	Debate in House.
February 16, 1945.	Debate continued. Passed House without amendment.
February 24, 1945.	Approved. Public Law No. 4.

51. IMPORTS; TAXATION. H. R. 1592, by Rep. Hinshaw, Calif. (Jan. 17), to amend the Tariff Act of 1930, so as to levy an exchange dumping tax on imports from foreign countries whose currency has declined in excess of 5% of its Dec. 31, 1934 value. To Ways and Means Committee.
52. VETO MESSAGE. H. Res. 98, by Rep. Sumners, Tex. (Jan. 18), to permit the House Clerk to receive veto messages, etc., from the President during recess or adjournment. To Rules Committee.
53. WAR RELOCATION AUTHORITY. H. R. 1619, by Rep. Dworshak, Idaho (Jan. 18), to provide for the prompt closing of relocation centers maintained by the War Relocation Authority. To Military Affairs Committee.
54. FOREIGN AFFAIRS. S. J. Res. 18, by Sens. Kilgore, W. Va., and Thomas, Utah (Jan. 18), creates a Foreign Economic Commission, which would include agricultural representatives to investigate the means of foreign economic collaboration in relation to the maximum use of U. S. economic resources through expanded foreign trade, monetary stabilization systems, interchange of economic and technical data, etc. To Foreign Relations Committee.
55. DAYLIGHT SAVING. S. 355, by Sen. Reed, Kans., to restore standard time. To Interstate Commerce Committee. (p. 385.)
56. ACCOUNTING. S. 360, by Sen. Aiken, Vt., providing for an annual audit by GAO of the financial transactions of governmental agencies and corporations, created by the R.F.C. To Expenditures in the Executive Departments Committee. (p. 385.)
57. RECLAMATION. S. 362, by Sen. O'Mahoney, Wyo., amending the Fact Finders' Act of 1924 relative to costs of investigations of certain reclamation projects. To Irrigation and Reclamation Committee. (p. 385.)
58. OVERTIME PAY. S. 369, by Sen. O'Daniel, Tex., to amend certain provisions of law relating to overtime pay. To Military Affairs Committee. (p. 385.)
59. PURCHASING. S. 370, by Sen. O'Daniel, Tex., relating to conditions of employment of employees engaged in interstate commerce or the production of goods for such commerce or employed in the performance of any Government contract. To Military Affairs Committee. (p. 386.)
60. RETIREMENT. S. 378, by Sen. Mead, N. Y., "amending sections 7 (a) and 12 (b) of the Civil Service Retirement Act". To Civil Service Committee.
61. FARM LABOR. S. J. Res. 19, by Sen. Reed, Kans. (for himself, Sen. Capper, Kans., Sen. Wherry, Nebr., Sen. Bushfield, S. Dak., and Sen. Langer, N. Dak.), to aid in maintaining agricultural production essential to the prosecution of the war, to clarify the application of existing law relating to the utilization of agricultural workers. Remarks of Sens. Langer and Reed (pp. 386-90 and 410-23). To Agriculture and Forestry Committee. (p. 386.)
62. GOVERNMENT LENDING AGENCIES. S. 375, by Sen. George, Ga., to provide for the effective administration of the Federal Loan Agency. Remarks of author (p. 386). To Commerce Committee. (p. 386.)
63. DAIRY INDUSTRY INVESTIGATION. S. Res. 38, by Sen. Aiken, Vt., (for himself and Sen. Hawkes, N.J.), to authorize a study and inquiry into the present production and supply of dairy products and the transportation and distribution thereof.

38. FILMS. H. R. 1275, by Rep. Lanham, Tex., to authorize construction by FWA of a building for the servicing and storage of Government films (Jan. 9). To Public Buildings and Grounds Committee.
39. SELECTIVE SERVICE. H. R. 1119, by Rep. May, Ky., to amend the Selective Training and Service Act so as to require war workers, including farm laborers, to clear transfers with their selective-service boards (Jan. 6). To Military Affairs Committee.
40. REGULATORY FUNCTIONS. H. R. 643, by Rep. Wickersham, Okla., providing that any attorney who has been duly admitted to practice before the highest court of a State or a U. S. district court, shall be eligible to practice before any department (Jan. 3). To Judiciary Committee.
41. PUBLIC LANDS. H. R. 1112, by Rep. O'Connor, Mont., to repeal the act of 1906 for the preservation of American antiquities (Jan. 6). To Public Lands Com.
H. R. 409, by Rep. Fernandez, N. Mex., to provide that any Presidential proclamation under the Antiquities Act shall not become effective until approved by Congress if the lands involved exceed 10,000 acres (Jan. 3). To Public Lands Committee.
42. PURCHASING. H. R. 188, by Rep. Celler, N. Y., to prohibit employment discrimination in connection with contracts with the U. S. (Jan. 3). To Judiciary Com.
H. R. 526, by Rep. Norton, N. J., to require equal pay for equal work in connection with contracts with the U. S. and contracts affected by various laws (Jan. 3). To Labor Committee.
43. FINGERPRINTING. H. R. 601, by Rep. Springer, Ind.; to require U. S. citizens to be fingerprinted (Jan. 3). To Judiciary Committee.
44. JUDICIARY; PUBLIC LANDS. H. R. 1216, by Rep. Phillips, Calif., to confer jurisdiction upon U. S. commissioners to try misdemeanors committed on Federal reservations (Jan. 8). To Judiciary Committee.
45. TAXATION. H. R. 534, by Rep. O'Hara, Minn., providing that pay of U. S. personnel shall be subject to State tax only in the State in which domiciled (Jan. 3). To Judiciary Committee.
46. PERSONNEL. H. R. 1193, by Rep. Randolph, W. Va., to provide a night differential of 15% for U. S. employees (Jan. 8). To Civil Service Committee.
H. R. 1118, by Rep. Gibson, Ga., giving the Civil Service Commission discretion in determining penalties for violations of the Hatch Political Activities Act (Jan. 6). To Judiciary Committee.
47. REGULATORY FUNCTIONS. S. 92, by Sen. Lucas, Ill., providing that attorneys eligible to practice before a highest State court may also practice before Federal departments (Jan. 6). To Judiciary Committee.
48. TRADE AGREEMENTS. S. 19, by Sen. McCarran, Nev., to provide for Senate ratification of trade agreements (Jan. 6). To Finance Committee.
49. ECONOMY. S. J. Res. 8, by Sen. Radcliffe, Md. (for Sen. Tydings) to amend the Constitution so as to require a 3/5 vote to appropriate funds in excess of estimated receipts (Jan. 10). To Appropriations Committee.
50. RECLAMATION. S. 23, by Sen. McCarran, providing for transfer to the reclamation fund and waiving of interest on Government obligations of drainage, irrigation, and reclamation districts (Jan. 6). To Irrigation and Reclamation Com.

S. 370. A bill relating to the hours of employment, compensation, and conditions of employment of employees engaged in interstate commerce or the production of goods for such commerce or employed in the performance of any Government contract; to the Committee on Military Affairs.

S. 371. A bill making unlawful the use of force or violence, or threats thereof, to prevent or attempt to prevent any person from engaging in any lawful vocation; to the Committee on the Judiciary.

S. 372. A bill granting a pension to Mary Alice Pridgen; to the Committee on Pensions.

By Mr. O'DANIEL (for himself and Mr. BUTLER):

S. 373. A bill to incorporate The Navy Mothers' Clubs of America; to the Committee on the Judiciary.

By Mr. McCARRAN:

S. 374. A bill to amend the Act of October 29, 1919, entitled "An Act to punish the transportation of stolen motor vehicles in interstate or foreign commerce"; to the Committee on the Judiciary.

(Mr. GEORGE introduced Senate bill 375, which was referred to the Committee on Commerce, and appears under a separate heading.)

Mr. LANGER. Mr. President, I introduce a bill to regulate the use of certain listening devices, and call attention to the fact that a new listening device has been invented which is revolutionary, and under which, without the use of wires, individuals can listen in on a private conversation held as far as 3½ miles away.

The VICE PRESIDENT. The bill introduced by the Senator from North Dakota will be received and appropriately referred.

By Mr. LANGER:

S. 376. A bill to regulate the use of certain listening devices; to the Committee on the Judiciary.

By Mr. MEAD:

S. 377. A bill to reclassify and adjust salaries of supervisors in the first- and second-class post offices; and

S. 378. A bill amending sections 7 (a) and 12 (b) of the Civil Service Retirement Act of May 29, 1930, as amended; to the Committee on Civil Service.

S. 379. A bill to authorize the presentation of an appropriate medal to J. Edgar Hoover; to the Committee on the Judiciary.

(Mr. MURRAY (for himself, Mr. WAGNER, Mr. THOMAS of Utah, and Mr. O'MAHONEY) introduced Senate bill 380, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. PEPPER:

S. 381. A bill to provide for recognition of active-duty members of the Civil Air Patrol as veterans of World War No. 2; to the Committee on Finance.

By Mr. LANGER:

S. 382. A bill granting to certain dismissed governmental employees the right to hearings before the Civil Service Committees of Congress; to the Committee on Civil Service.

By Mr. BANKHEAD:

S. 383. A bill to provide for the further development of cooperative agricultural extension work; to the Committee on Agriculture and Forestry.

By Mr. BANKHEAD (for himself and Mr. EASTLAND):

S. 384. A bill to provide for the disposal of surplus agricultural commodities; to the Committee on Agriculture and Forestry.

By Mr. REED (for himself, Mr. CAPPER, Mr. WHERRY, Mr. BUSHFIELD, and Mr. LANGER):

S. J. Res. 19. Joint resolution to aid in maintaining agricultural production essential

to the prosecution of the war, to clarify the application of existing law relating to the utilization of agricultural workers, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. O'DANIEL:

S. J. Res. 20. Joint resolution proposing an amendment to the Constitution of the United States, relative to freedom to work; and

S. J. Res. 21. Joint resolution proposing an amendment to the Constitution limiting the tenure of office of President and Vice President of the United States and Members of Congress to 6 years and imposing limitations on the appointment or election of certain persons to office; to the Committee on the Judiciary.

ADMINISTRATION OF CERTAIN GOVERNMENTAL LENDING AGENCIES

Mr. GEORGE. Mr. President, I introduce a bill for appropriate reference, and wish to make a statement regarding it.

The bill does not create any new agency, but simply recognizes the existence of an existing agency, to wit, the Federal Loan Agency, created by Reorganization Plan No. 1 under the Reorganization Act of 1939. It reestablishes that agency, which now is a skeleton agency, since the transfer by the President under the Second War Powers Act under date of February 24, 1942, of most of the agencies and the functions of those agencies theretofore operating under the Federal Loan Agency. The purpose of this bill is to return and restore to the Federal Loan Agency all those agencies and activities which were transferred by Executive order of the President under date of February 24, 1942, to the Department of Commerce.

The bill does not affect the status of the National Housing Agency or of housing agencies which were transferred to the National Housing Agency at the time of the Executive order, nor does the bill deal with the Export-Import Bank, which seems to have been transferred by subsequent Executive act to the R. E. A., and is not now under the Department of Commerce.

Since this bill creates no new agency and does not enlarge the power or responsibility of any of the existing agencies, but merely takes out of the Department of Commerce or from the jurisdiction of the Secretary of Commerce all the loaning agencies heretofore transferred to that Department, I think the bill should go to the Committee on Commerce, and I request that it be so referred.

The VICE PRESIDENT. The bill will be received and referred to the Committee on Commerce.

The bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government; was read twice by its title and referred to the Committee on Commerce.

THE DRAFTING OF FARM WORKERS

Mr. LANGER. Mr. President, commencing more than 2 years ago, I have repeatedly since called the attention of the Senate to the desperate situation caused by the drafting of farm workers into the service. The Tydings amendment was finally adopted and the situation, to some extent, bettered. So far as I know, nothing was done about the 375,000 able-bodied men who were deferred

to take jobs in the Government. The best I could do was to get a list of such individuals sent to the Speaker of the House and the Vice President. In my opinion, thousands of these men occupy places which could be filled by those who are unfit, or who are too old for combat service, and the able-bodied released.

Since the Selective Service has directed local draft boards to send more farm workers, I have been deluged with letters from every section of my State and the Northwest making clear that the taking of additional farm help, in many instances, means that the farmers must quit farming. I ask unanimous consent to have the letters printed at this point in the RECORD as a part of my remarks, and that the signatures not be printed, because that might prove embarrassing.

There being no objection, the letters, without the signatures attached, were ordered to be printed in the RECORD, as follows:

BATHGATE, N. DAK., January 10, 1945.

Senator LANGER,

Washington, D. C.

DEAR SIR: I am writing with reference to drafting the few men we have left to do the farm work. I am a farmer and do not have any sons to be drafted nor to do my farm work. Therefore I am writing from a production basis.

I farm about 800 acres and hire two men in the summer. If these men are all taken to the Army who is going to do the work? Inexperienced men from the cities and different parts of the country are not capable of running this modern machinery.

As a farmer I want to be patriotic and do my bit for the war effort, but if these farm boys are taken my farm, like many of my neighbors, will have to stand idle and just grow up to weeds.

BLAISDELL, N. DAK., January 12, 1945.

DEAR SENATOR LANGER: From what we hear over the radio it seems likely that all able-bodied young farmers will be in the Army soon if the military get everything the way they want it.

In my case it means that I shall have to quit farming because I am too old to do much work myself.

I mention this because I know there are thousands of farmers similarly situated.

Older men are going to take charge they say. Where are all those older men we hear so much about? All the older men I know of are overloaded with work now and cannot take on any new jobs.

BUXTON, N. DAK., January 14, 1945.

DEAR SENATOR LANGER: This is the first time in my life I have written to any of our Senators in Washington, but things are pressing us farmers up here in North Dakota, and I am sure it is not new to you.

As I understand, they are to draft our farm boys who are left, and as we have only a little over 200 boys left in II-C class I for one do not feel it quite right.

We have a hard time taking care of our 1944 crop on account of help.

Had we had enough help from the start of harvest we could have saved a lot more of the grain, but as it happened the heavy rains came and lot of the grain is still out in the field. Many of the boys got disgusted and left for their homes down South. If we had had enough help from the start much of this grain could have been saved before the rains.

I hope you will pardon me for writing a rather long letter as I know you are a busy man, but as you are a man from our own State I urge you to do your best for us

aim to fulfill the vision of the Prophets to bring near the day when swords will be beaten into plowshares and spears into pruning hooks, when the implements of war will be forged into implements of plenty and of good for all, when nations shall no more learn the arts of war and the fear of fear shall be banished from among men (Isaiah 11:4; Micah 4:3-4).

The Synagogue Council feels, however, that the Dumbarton Oaks document, as did the Covenant of the League of Nations, lacks the prophetic passion to stir and capture the universal spiritual and ethical values inherent in the souls of men. The making of an enduring peace is a challenge to these values. "But the work of righteousness shall be peace," says Isaiah (xxxii: 17), "and the effect of righteousness, quietness, and confidence forever."

The Dumbarton Oaks document provides the machinery for the possible prevention of future wars, not for the establishing of universal peace; proposals for the suppression of international violence after these occur, not for their prevention; a mechanism calculated to rectify and adjudicate international strife, not an instrument to eliminate the bases of strife and violence and war. Unless justice and righteousness are enthroned as the capstone of the aim of any organization that proposes to achieve it, the world can have no hope for an enduring peace. There can be no hope for an enduring peace unless there is a reconversion of the human spirit to the inspired insight of Isaiah that man must work righteousness to earn peace, since only the effect of righteousness can assure to mankind perpetual quietness and confidence.

Peace predicated on such foundations would mean the cessation of the racial or color injustices by which one-third of the world's population, which happens to be white, denies rights and opportunities to the other two-thirds of the population which happens to be black or brown or yellow. It would mean an end to the exploitation of primitive groups by enlightened peoples. It would mean that nations economically disadvantaged are helped to self-improvement and economic reconstruction, even as we bring such aid to the disadvantaged in our own midst. It would mean the spiritual regeneration of the human family to that concept of just and righteous interrelation in which the aggressors within each nation would desist from squeezing and oppressing their neighbors and fellow citizens for their own personal aggrandizement. All the most perfected, practical machinery in the world for maintaining peace will not avail until within men and nations there is created the spirit of the will to peace.

This hope and possibility, one may say, belongs in the realm of religion rather than practical statesmanship. Perhaps what the world suffers from most is a condition in which the prophetic principles do not animate statesmanship. Statesmanship, the Synagogue Council of America holds, must be animated and governed by the great principle first enunciated in the Old Testament (Leviticus 19: 17-18) and then spread the world over through its quotation in the New Testament, "Thou shalt not hate thy brother in thy heart, but thou shalt love thy neighbor as thyself."

Nonetheless, the Synagogue Council of America welcomes the proposals of the Dumbarton Oaks Conference as marking a most significant step forward in human striving to answer the question long ago propounded by the prophet (Malachi 2: 10): "Have we not all one father? Hath not one God created us all?"

SYNAGOGUE COUNCIL OF AMERICA,
RABBI HERBERT S. GOLDSTEIN, *President*,
RABBI AHRON OPHER,
Assistant to the President,
RABBI ISAAC LANDMAN, *Chairman*,
RABBI LOUIS FINKELSTEIN,
RABBI DAVID DE SOLA POOL,
Committee on Peace Studies,

REPORT OF A COMMITTEE DURING ADJOURNMENT

Under authority of the order of the 18th instant,

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 338) to amend the Agricultural Adjustment Act of 1938, as amended, and sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, to encourage the growing of war crops by protecting the allotments of producers of cotton and wheat, reported it on January 20, 1945, with amendments, and submitted a report (No. 12) thereon.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ELLENDER, from the Committee on Claims:

S. 311. A bill for the relief of Philip Kleinman; without amendment (Rept. No. 13);

S. 312. A bill for the relief of Harriet B. Rickards; without amendment (Rept. No. 14);

S. 315. A bill for the relief of G. F. Allen, chief disbursing officer, Treasury Department, and for other purposes; without amendment (Rept. No. 15);

S. 317. A bill for the relief of G. F. Allen, chief disbursing officer for the Treasury Department, and for other purposes; without amendment (Rept. No. 16); and

S. 335. A bill for the relief of Mrs. Amy McKnight; without amendment (Rept. No. 17).

By Mr. WALSH, from the Committee on Naval Affairs:

S. 219. A bill to amend section 1442, Revised Statutes, relating to furlough of officers by the Secretary of the Navy; without amendment (Rept. No. 18); and

H. R. 621. A bill to further amend section 22 of the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," by changing the limitation on the total personnel of the Naval Reserve Officers' Training Corps, and for other purposes; without amendment (Rept. No. 19).

AUTHORIZATION TO THE COMMITTEE ON THE JUDICIARY TO SUBMIT REPORT

Mr. McCARRAN. Mr. President, at half past 3 this afternoon there is to be a meeting of the Committee on the Judiciary on a very important matter. I ask unanimous consent that the Committee on the Judiciary may file its report during the recess of the Senate, assuming that the Senate takes a recess at the conclusion of the day's work.

The VICE PRESIDENT. Without objection, it is so ordered.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

S. 350. A bill granting a pension to Lottie Flint; to the Committee on Pensions.

By Mr. MAYBANK:

S. 351. A bill to promote on the retired list all line officers of the Army who have or may be specially commended for performance of duty in actual combat; to the Committee on Military Affairs.

By Mr. BALL:

S. 352. A bill authorizing the State of Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Has-

tings, Minn.; to the Committee on Commerce.

By Mr. HOEY:

S. 353. A bill for the relief of Carl Lewis; to the Committee on Claims.

S. 354. A bill for the relief of Fred S. Hondros; to the Committee on Immigration.

By Mr. REED:

S. 355. A bill to restore standard time; to the Committee on Interstate Commerce.

By Mr. CORDON:

S. 356. A bill to amend part II of the Interstate Commerce Act, as amended, so as to provide a limitation on the time within which actions may be brought for the recovery of undercharges and overcharges by, or against, common carriers by motor vehicle; to the Committee on Interstate Commerce.

By Mr. WHERRY:

S. 357. A bill for the relief of the Forward Columbus Fund, of Columbus, Nebr.; to the Committee on Claims.

By Mr. WALSH:

S. 358. A bill for the relief of Mrs. Josephine Lisitano; and

S. 359. A bill for the relief of Mrs. Ellen McCormack; to the Committee on Claims.

Mr. AIKEN. Mr. President, I introduce a bill providing for an annual audit by the General Accounting Office of the financial transactions of certain governmental agencies and corporations, and for other purposes. This refers to the corporations created by the R. F. C. or under its authority.

The VICE PRESIDENT. The bill introduced by the Senator from Vermont will be received and appropriately referred.

By Mr. AIKEN:

S. 360. A bill providing for an annual audit by the General Accounting Office of the financial transactions of certain governmental agencies and corporations, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. HAYDEN:

S. 361. A bill for the relief of C. Owen Welch; to the Committee on Claims.

By Mr. O'MAHONEY:

S. 362. A bill amending the Fact Finders' Act of 1924 relative to costs of investigations of certain reclamation projects; to the Committee on Irrigation and Reclamation.

By Mr. GURNEY:

S. 363. A bill to further amend the provisions of the acts authorizing payment of 6 months' death gratuity to widow, child, or dependent relative of persons in the armed forces; to the Committee on Military Affairs.

By Mr. O'DANIEL:

S. 364. A bill to amend the National Labor Relations Act;

S. 365. A bill to amend the National Labor Relations Act; and

S. 366. A bill to amend the National Labor Relations Act; to the Committee on Education and Labor.

S. 367. A bill to provide for the compilation and publication of a list showing the names and addresses of taxpayers relieved from liability for the payment of taxes under the provisions of the Current Tax Payment Act of 1943 and the amounts of taxes from which such taxpayers are relieved from liability for payment; to the Committee on Finance.

S. 368. A bill to amend the act entitled "An act to facilitate the construction, extension, or completion of interstate petroleum pipeline lines related to national defense, and to promote interstate commerce," approved July 30, 1941, to prohibit the use of any pipeline constructed under such act for the transportation or distribution of natural gas, and for other purposes; to the Committee on Interstate Commerce.

S. 369. A bill to amend certain provisions of law relating to overtime pay, and for other purposes; and

79TH CONGRESS
1ST SESSION

S. 375

IN THE SENATE OF THE UNITED STATES

JANUARY 22, 1945

Mr. GEORGE introduced the following bill; which was read twice and referred to the Committee on Commerce

A BILL

To provide for the effective administration of certain lending agencies of the Federal Government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Federal Loan Agency created by Reorganization
4 Plan Numbered I under the Reorganization Act of 1939 is
5 hereby reestablished as an independent agency in the execu-
6 tive branch of the Government, with a Federal Loan Ad-
7 ministrator at the head thereof. The Federal Loan Admin-
8 istrator shall be appointed by the President, by and with the
9 advice and consent of the Senate, and shall receive a salary
10 at the rate of \$12,000 per annum.

11 SEC. 2. The Federal Loan Administrator shall appoint

1 an Assistant Federal Loan Administrator, who shall receive
2 a salary at the rate of \$9,000 per annum. The Assistant
3 Administrator shall act as Administrator during the absence
4 or disability of the Administrator, or in the event of a
5 vacancy in that office, and shall perform such other duties
6 as the Administrator shall direct.

7 SEC. 3. All functions, powers, and duties transferred
8 to the Department of Commerce under Executive Order
9 Numbered 9071, dated February 24, 1942, and all func-
10 tions, powers, and duties of the Department of Commerce
11 or the Secretary of Commerce with respect to all other
12 corporations created or organized by the Reconstruction
13 Finance Corporation under section 5d of the Reconstruction
14 Finance Corporation Act, as amended, or any other sub-
15 sidiaries of the Reconstruction Finance Corporation, together
16 with the respective personnel, records, and property (in-
17 cluding office equipment), of the agencies to which such
18 functions, powers, and duties relate, are hereby transferred
19 to the Federal Loan Agency.

20 SEC. 4. The Administrator shall supervise the admin-
21 istration, and shall be responsible for the coordination of
22 the functions and activities, of the agencies transferred under
23 the provisions of this Act to the Federal Loan Agency.
24 The Administrator may appoint such officers and employees

1 and make such expenditures as may be necessary to carry
2 out the provisions of this Act.

3 SEC. 5. So much of the unexpended balances of the
4 appropriations, allocations, or other funds available or to be
5 made available for the use of the Department of Commerce
6 in the exercise of any function transferred by this Act, as
7 the Director of the Bureau of the Budget with the approval
8 of the President shall determine, shall be transferred to the
9 Federal Loan Agency for use in connection with the exer-
10 cise of the functions so transferred. In determining the
11 amount to be transferred the Director of the Bureau of the
12 Budget may include an amount to provide for the liquidation
13 of obligations incurred against such appropriations, alloca-
14 tions, or other funds prior to the transfer.

15 SEC. 6. Nothing in this Act shall be construed to trans-
16 fer any functions from the National Housing Agency or from
17 any other agency or establishment other than the Department
18 of Commerce.

79TH CONGRESS
1ST Session

S. 375

A BILL

To provide for the effective administration of certain lending agencies of the Federal Government.

By Mr. GEORGE

JANUARY 22, 1945

Read twice and referred to the Committee on Commerce



FILE COPY
OFFICE OF THE SECRETARY AND SERVICE SECTION
OFFICE OF BUDGET AND FINANCE

**ADMINISTRATION OF CERTAIN LENDING AGENCIES
OF THE FEDERAL GOVERNMENT**

HEARINGS
BEFORE THE
COMMITTEE ON COMMERCE
UNITED STATES SENATE
SEVENTY-NINTH CONGRESS
FIRST SESSION

ON

S. 375

A BILL TO PROVIDE FOR THE EFFECTIVE ADMINIS-
TRATION OF CERTAIN LENDING AGENCIES
OF THE FEDERAL GOVERNMENT

JANUARY 24 AND 25, 1945

Printed for the use of the Committee on Commerce



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1945

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ADMINISTRATION OF CERTAIN LENDING AGENCIES OF THE FEDERAL GOVERNMENT

WEDNESDAY, JANUARY 24, 1945

UNITED STATES SENATE,
COMMITTEE ON COMMERCE,
Washington, D. C.

The committee met, pursuant to call, at 2:30 p. m., in room 318, Senate Office Building, Senator Josiah W. Bailey (chairman) presiding.

Present: Senators Bailey (chairman), Overton, Bilbo, Radcliffe, Pepper, O'Daniel, Chandler, McClellan, Vandenberg, Brewster, Burton, Robertson, Wiley, Cordon, and Brooks.

The CHAIRMAN. The committee will come to order.

We have for consideration Senate bill 375, which was introduced by Senator George.

(S. 375 is as follows:)

[S. 375, 79th Cong., 1st sess.]

A BILL To provide for the effective administration of certain lending agencies of the Federal Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Loan Agency created by Reorganization Plan Numbered I under the Reorganization Act of 1939 is hereby reestablished as an independent agency in the executive branch of the Government, with a Federal Loan Administrator at the head thereof. The Federal Loan Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum.

SEC. 2. The Federal Loan Administrator shall appoint an Assistant Federal Loan Administrator, who shall receive a salary at the rate of \$9,000 per annum. The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

SEC. 3. All functions, powers, and duties transferred to the Department of Commerce under Executive Order Numbered 9071, dated February 24, 1942, and all functions, powers, and duties of the Department of Commerce or the Secretary of Commerce with respect to all other corporations created or organized by the Reconstruction Finance Corporation under section 5d of the Reconstruction Finance Corporation Act, as amended, or any other subsidiaries of the Reconstruction Finance Corporation, together with the respective personnel, records, and property (including office equipment), of the agencies to which such functions, powers, and duties relate, are hereby transferred to the Federal Loan Agency.

SEC. 4. The Administrator shall supervise the administration, and shall be responsible for the coordination of the functions and activities, of the agencies transferred under the provisions of this Act to the Federal Loan Agency. The Administrator may appoint such officers and employees and make such expenditures as may be necessary to carry out the provisions of this Act.

SEC. 5. So much of the unexpended balances of the appropriations, allocations, or other funds available or to be made available for the use of the De-

partment of Commerce in the exercise of any function transferred by this Act, as the Director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred to the Federal Loan Agency for use in connection with the exercise of the functions so transferred. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer.

SEC. 6. Nothing in this Act shall be construed to transfer any functions from the National Housing Agency or from any other agency or establishment other than the Department of Commerce.

The CHAIRMAN. Senator George, you may proceed with an explanation of the bill and make such comments as you deem proper.

STATEMENT OF HON. WALTER F. GEORGE, UNITED STATES SENATOR FROM THE STATE OF GEORGIA

Senator GEORGE. Mr. Chairman and gentlemen of the committee, I introduced S. 375 in the form in which it appears before the members of the committee. Later I may suggest an amendment by way of a substitute, which I think accomplishes all the purposes of this bill and makes it somewhat clearer that the purpose of the bill is not to create a new agency but is merely to revive an inactive existing agency.

If I may, I will direct the committee's attention to the following, which appears as a part of Reorganization Plan No. I, creating the particular office in question here. Section 402 of this Plan No. I, which was made effective July 1, 1939, pursuant to the Reorganization Act of 1939, approved April 3, 1939, is as follows [reading]:

FEDERAL LOAN AGENCY

There shall be at the seat of the Government a Federal Loan Agency with a Federal Loan Administrator at the head thereof. The Federal Loan Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum.

(b) The Federal Loan Administrator shall appoint an Assistant Federal Loan Administrator who shall receive a salary at the rate of \$9,000 per annum.

The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

POWERS AND DUTIES OF THE ADMINISTRATOR

The Administrator shall supervise the administration and shall be responsible for the coordination of the functions and activities of the following agencies:

Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Disaster Loan Corporation, Federal National Mortgage Association, Federal Home Loan Bank Board, Home Owners' Loan Corporation, Federal Savings and Loan Insurance Corporation, Federal Housing Administration, and Export and Import Bank of Washington.

It is not necessary to read further respecting the powers and duties of the Administrator or the functions of this agency, certainly not at this time.

May I say, Mr. Chairman, not only did the Reorganization Act under which this Reorganization Plan No. I was issued provide for its legislative approval by the terms of the act but by special resolution or act of Congress the approval of this particular order was hastened; that is to say, by special legislative act it was approved earlier than it would have become effective under the Reorganization Act itself. So that this particular agency is the direct creature of the Congress, as well as the various lending agencies covered under

the Federal Loan Agency and entrusted to the Administrator of the Federal Loan Agency for administration.

Under the First War Powers Act of 1941 the President is given the express authority to make such redistribution of functions among executive agencies as he may deem necessary. I will not read that act, but that is the authority under which the President acted in issuing Executive Order 9070 on February 24, 1942, transferring certain functions from the Federal Loan Administrator to the National Housing Agency, and Executive Order No. 9071 of February 24, 1942 transferring certain functions of the Federal Loan Agency to the Department of Commerce.

Senator PEPPER. Excuse me. Is that April, Senator?

What is the date, what month?

Senator GEORGE. February 24.

The particular part of the Executive order which is here pertinent is as follows [reading]:

All functions, powers, and duties of the Federal Loan Agency and of the Federal Loan Administrator which relate to the Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Federal National Mortgage Association, Disaster Loan Corporation, Export and Import Bank of Washington, Defense Plants Corporation, Rubber Reserve Company, Defense Supplies Corporation, and War Insurance Corporation, together with all other functions, powers, and duties not transferred by the Executive order establishing the National Housing Administration—

to which reference has already been made—

are transferred to the Department of Commerce and shall be administered under the direction and supervision of the Secretary of Commerce.

Now, with reference to the duties and powers to the agencies affected—the restoration, rather, of duties and powers to agencies affected the pertinent part of the First War Powers Act provides—

All laws or parts of laws conflicting with the provisions of this title are, to the extent of such conflict, suspended while this title is in force.

Upon the termination of this title, all executive or administrative agencies, governmental corporations, departments, commissions, bureaus, offices, or officers shall exercise the same functions, duties, and power as heretofore or as hereafter by law may be provided, any authorization of the President under this title to the contrary notwithstanding.

The time under which the President could act under the War Powers Act, the First War Powers Act, as we call it, of course is familiar to all members of this committee, but for the purpose of the record, I will simply read the following:

Titles I and II of this Act shall remain in force during the continuance of the present war and for 6 months after the termination of the war, or until such earlier time as the Congress, by concurrent resolution, or the President may designate.

So, Mr. Chairman, as I stated to the committee yesterday, the purpose of this bill is merely to revive an existing agency, without adding powers or changing powers of any of the loaning agencies of the Federal Government, and that being true, I think, by way of amendment in the nature of a substitute, the committee may wish to consider this, which is in briefer form and in strict compliance with the law as it exists.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Loan Agency created by section 402 of the President's Reorganization Plan No. I, under authority of

the Reorganization Act of 1939 shall continue as an independent establishment of the Federal Government and shall continue to be administered under the direction and supervision of the Federal Loan Administrator in the same manner and to the same extent as if Executive Order No. 9071, dated February 24, 1942, transferring the functions of the Federal Loan Agency to the Department of Commerce, had not been issued.

Section 2 merely transfers all of the powers, functions, and so forth, as in the original bill which I introduced, and also carries forward all unexpended balances of funds made available to the Secretary of Commerce by Public Law 365, Seventy-eighth Congress, for administrative expenses of supervising the loan agencies, and so forth, to the Federal Loan Agency.

(See appendix for joint resolution in full.)

Senator GEORGE. As I say, I submit this suggested amendment because it is more concise and because it is in strict harmony with the legal status of the Federal Loan Agency.

Now, Mr. Chairman, by way of argument in support of this bill, and at the risk of being a bit tedious, I wish to read a statement which summarizes the powers and authority of the Reconstruction Finance Corporation relating to loans and investments.

Before reading, I wish to make this observation, that many of these powers and authorities upon examination will be found to be subject to little or scant limitation, due to the fact that the R. F. C. was itself an emergency agency of the Government. Perhaps I am the only Member of Congress now in service who was called as a member of a committee of representative people of the United States, some official and many nonofficial, to consider appropriate legislative action prior to the creation of the Reconstruction Finance Corporation. Therefore, I am clearly within the facts when I say that it was originally conceived or originally advanced as an emergency agency, at a time when there was, of course, a great economic upheaval in the country, with the resulting business disruptions, unemployment, and so forth. At least all those things were in the offing and very clearly visible at that moment.

Then, again, many of the broad powers given to the R. F. C. have been given since we were over the horizon and facing the present global war. This, I think, must be taken into consideration in viewing the language, the lack of limitations, the lack of restrictions, the lack of definite directives with which Congress safeguarded the grant of these vast powers and this vast authority.

Now, Mr. Chairman, if I may repeat by way of argument for the approval of this measure at this time, I simply recite the powers and authority of the Reconstruction Finance Corporation with respect to loans and investments—investments particularly. It is authorized to make [reading]:

I. Loans, under section 5 of the Reconstruction Finance Corporation Act, as amended, to aid in financing agriculture, commerce, and industry, to—

(a) Financial institutions; banks; savings banks; trust companies; building and loan associations; insurance companies; mortgage loan companies; credit unions; Federal land banks; joint-stock land banks; Federal intermediate credit banks; agricultural credit corporations (including regional agricultural credit corporations); livestock credit corporations; banks, savings banks, and building and loan associations closed or in process of liquidation to aid in their reorganization or liquidation.

(b) State insurance funds established for paying or insuring payment of compensation to injured workmen and those disabled by disease contracted in the course of their employment, or to their dependents.

(c) State funds created for insuring repayment of deposits of public moneys of such States or of their political subdivisions.

(d) Railroads or receivers or trustees thereof to aid in financing, reorganization, consolidation, maintenance, or construction, by purchase or guarantee of railroad obligations or by loans (loans and commitments outstanding limited to \$500,000,000 in addition to loans and commitments made prior to January 31, 1935, and renewals thereof).

(e) Parties to marketing agreements entered into by Secretary of Agriculture with processors, producers, et al., engaged in handling agricultural commodities or products (sec. 8b, Agricultural Adjustment Act, approved May 12, 1933, as amended April 7, 1934, and August 24, 1935).

(f) Persons, associations, or corporations for financing the production, etc., and orderly marketing of fish of American fisheries or products thereof (sec. 15, act approved June 19, 1934).

(g) Processors or distributors for payment of processing taxes (sec. 19

(c), Agricultural Adjustment Act, approved May 12, 1944).

II. Loans to facilitate the exportation of agricultural or other products and their sale in foreign markets—

(a) By acceptance of drafts and bills of exchange (sec. 5a, Reconstruction Finance Corporation Act, approved January 22, 1932).

(b) By loans (sec. 201 (c), Emergency Relief and Construction Act of 1932, approved July 21, 1932).

III. Subscriptions for or loans upon nonassessable stock and purchase of capital notes or debentures of national mortgage associations, mortgage loan companies, trust companies, savings and loan associations, and similar financial institutions whose principal business is lending on mortgages, etc.; to assist in the reestablishment of a normal mortgage market; limited to \$100,000,000 outstanding (sec. 5c, Reconstruction Finance Corporation Act, as amended January 31, 1935).

IV. Loans to and purchase of securities and obligations of business enterprises direct, or in cooperation with banks and other lending institutions through agreements to participate or by purchase of participations, or otherwise (sec. 5d, Reconstruction Finance Corporation Act, as amended April 13, 1938); loans to and purchase of the obligations of any business enterprise including, when requested by the Federal Loan Administrator, subscription to the capital stock thereof, for any purpose advantageous to the national defense. The War Department and the Navy Department are authorized to participate in or guarantee any such loans (sec. 5d (2), Reconstruction Finance Corporation Act, as amended June 25, 1940, and June 11, 1942).

V. Loans upon or purchase of the assets of banks, savings banks, or trust companies closed 1930 to 1933, inclusive (sec. 5e (a), Reconstruction Finance Corporation Act, added by act of June 16, 1934, and amended by act of January 31, 1935).

VI. Purchase of debentures or other obligations of the Federal Deposit Insurance Corporation; outstanding limited to \$250,000,000 (sec. 5e (b), Reconstruction Finance Corporation Act, added by act of June 16, 1934).

VII. Loans and contracts:

A. Under section 201 (a), Emergency Relief and Construction Act of 1932, approved July 21, 1932, as amended, to finance projects self-liquidating in character, to (power of Reconstruction Finance Corporation to approve applications under such sec. 201 (a) terminated June 26, 1933, pursuant to sec. 301, National Industrial Recovery Act, approved June 16, 1933):

(a) States, municipalities, and political subdivisions of States; public agencies of States, municipalities, and political subdivisions of States; public corporations; boards and commissions, and public municipal instrumentalities of one or more States.

(b) Corporations formed to provide housing for families of low income or for reconstruction of slum areas.

(c) Private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, and markets devoted to public use.

(d) Private limited dividend corporations to aid in financing projects for the protection and development of forests and other renewable natural resources.

(e) Aid in financing the construction of publicly owned bridges to be used for railroad, railway, and highway uses.

(f) Nonprofit corporations organized to finance the repair or reconstruction of buildings damaged by earthquake, fire, tornado, or cyclone in 1933; limited to an aggregate of \$20,000,000—\$8,000,000 in the case of private property, and \$12,000,000 in the case of municipalities or political subdivisions of States or their public agencies, including public-school boards and districts.

B. Under section 301 of the National Industrial Recovery Act, approved June 16, 1933, as amended June 19, 1934; further loans and contracts for completion or proper functioning of projects or which will increase assurance of repayment of Corporation's investments in loans or contracts made under section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended (A (a) above).

C. Under section 5d, Reconstruction Finance Corporation Act, as amended April 13, 1938, to aid in financing projects authorized under Federal, State, or municipal law—

(a) States, municipalities, and political subdivisions of States.

(b) Public agencies and instrumentalities of States, municipalities, and political subdivisions of States.

(c) Public corporations, boards, and commissions.

VIII. Loans to finance the carrying and orderly marketing of agricultural commodities and livestock produced in the United States (sec. 201 (d), Emergency Relief and Construction Act of 1932, approved July 21, 1932).

IX. Subscriptions for preferred stock of National or State banks or trust companies, loans secured by such stock as collateral, and purchases of capital notes or debentures of State banks or trust companies (sec. 304, act approved March 9, 1933, as amended March 24, 1933).

X. Subscriptions for preferred stock and purchases of capital notes, or other forms of indebtedness, of insurance companies, and loans secured by such stock or notes, or other forms of indebtedness, as collateral; limited to \$75,000,000 outstanding (secs. 1 and 2, act approved June 10, 1933, as amended June 19, 1934, and January 31, 1935).

XI. Mining loans (sec. 14, act approved June 19, 1934, as amended January 31, 1935, and September 16, 1940) to corporations, individuals, and partnerships engaged in—

(a) Mining, milling, or smelting of ores.

(b) Development of ore bodies containing gold, silver, tin, or strategic or critical minerals; limited to \$10,000,000, and not over \$40,000 to any corporation, individual, or partnership.

XII. Loans to or for the benefit of public-school districts or other public-school authorities—

(a) For payment of teachers' salaries due prior to June 1, 1934; outstanding limited to \$75,000,000 (sec. 16, act approved June 19, 1934).

(b) To reduce and refinance outstanding indebtedness or obligations incurred prior to August 24, 1935; and for repairs, extensions, or improvements necessary to protect such loans; limited to \$10,000,000 (act approved August 24, 1935).

XIII. Loans to corporations, partnerships, individuals, municipalities, or political subdivisions of States or of their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts for financing—

(a) The repair, construction, reconstruction, or rehabilitation—

1. Of structures or buildings, including necessary equipment, appliances, fixtures, machinery and appurtenances;

2. Of water, irrigation, gas, electric, sewer, drainage, flood control, communication, or transportation systems, highways and bridges;

damaged or destroyed by catastrophe in the years 1935 or 1936.

(b) The acquisition of structures, building, or property in replacement of property destroyed or rendered unfit for use by catastrophe in the years 1935 and 1936.

Limited to \$50,000,000. (Act approved April 13, 1934, as amended July 26, 1935, and April 17, 1936.)

XIV. Loans and advances to the Secretary of Agriculture to acquire, handle, and market cotton owned or held as collateral by other governmental departments and agencies (sec. 5, Agricultural Adjustment Act, approved May 12, 1933, as amended June 19, 1934).

XV. Loans to or for the benefit of agricultural improvement districts—drainage, levee, irrigation, etc.—to reduce and refinance outstanding indebtedness; purchase, acquire, construct, complete, repair, extend, improve, or make additions to, projects; or purchase or acquire additional drainage, levee, or irrigation works, or property, rights, or appurtenances in connection therewith. Limited to \$125,000,000 (sec. 36, Emergency Farm Mortgage Act of 1933, approved May 12, 1933, as amended June 22, 1936).

XVI. Loans to managing agencies of farmers' cooperative mineral-rights pools for defraying the cost of organizing such pools (sec. 13, act approved June 19, 1934).

XVII. Loans to Administrator of the Rural Electrification Administration. Limited to \$50,000,000 for fiscal year 1937 (Rural Electrification Act of 1935, approved May 20, 1936); \$100,000,000 for fiscal year ending June 30, 1939 (Rural Electrification Act of 1936, approved May 20, 1936, as amended by sec. 401, Rural Electrification Act of 1938, approved June 21, 1938); \$100,000,000 to the Secretary of Agriculture for loans in accordance with the Rural Electrification Act of 1936, as amended, by Department of Agriculture Appropriation Act, 1941, approved June 25, 1940; \$100,000,000 by Department of Agriculture Appropriation Act, 1942, approved July 1, 1941; and \$10,000,000 by Department of Agriculture Appropriation Act, 1943, approved July 22, 1942; and \$25,000,000 by Department of Agriculture Appropriation Act, 1945, approved June 28, 1944).

XVIII. Loans to receivers appointed under section 29 of the Federal Farm Loan Act, as amended, or by a United States district court, to pay taxes on farm real estate owned or pledged to land banks (sec. 27, Emergency Farm Mortgage Act of 1933, approved May 12, 1933).

XIX. Loans to the Corporation of Foreign Security Holders, a corporation authorized to be created to protect, conserve, and advance the interests of holders of foreign securities in default. Limited to \$75,000 (sec. 209, Corporation of Foreign Bondholders Act, 1933, approved May 27, 1933).

XX. Advances to the reclamation fund, upon request of Secretary of the Interior, for the completion of projects under construction or approved and authorized on May 12, 1933. Limited to \$5,000,000 (sec. 37, Emergency Farm Mortgage Act of 1933, approved May 12, 1933).

XXI. Purchase of marketable securities from the Federal Emergency Administration of Public Works (now Public Works Administration, Federal Works Agency). Amount held limited to \$400,000,000 (Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934; and Public Works Administration Extension Act of 1937, approved June 29, 1937).

XXII. Purchase from United States Housing Corporation certain mortgages on property in Lincoln Gardens project, New Brunswick, N. J. (act approved June 25, 1938).

XXIII. Purchase from Secretary of the Treasury of capital stock of Federal home-loan banks (sec. 2, Reconstruction Finance Corporation Act, as amended June 25, 1940, and sec. 304, act approved March 9, 1933, as amended June 25, 1940).

XXIV. Loans to or subscriptions for preferred stock of Export-Import Bank of Washington: Loans or other obligations of bank outstanding at any one time shall not exceed \$700,000,000. Loans to or subscriptions for preferred stock of Export-Import Bank to enable bank to make loans to governments, their central banks, or other acceptable banking institutions, and, when guaranteed by such government, a central bank or other acceptable banking institution, to a political subdivision, agency, or national of such government, not to exceed \$500,000,000, outstanding at any one time (sec. 5d, Reconstruction Finance Corporation Act, as amended September 26, 1940, and sec. 9, act approved January 31, 1935, as amended September 26, 1940).

XXV. Loans to or purchase of capital stock of any corporation—

(a) For producing, acquiring, and carrying strategic and critical materials, and

(b) For plant construction, expansion, and equipment, and working capital, to be used by the corporation in the manufacture of equipment and supplies necessary to the national defense.

(sec. 5, Reconstruction Finance Corporation Act, as amended September 26, 1940).

XXVI. Creation or organization, at any time prior to July 1, 1943, of a corporation or corporations with power—

(a) To produce, acquire, carry, sell, or otherwise deal in strategic or critical materials;

(b) To purchase and lease land, purchase, lease, build, and expand plants, and purchase and produce equipment, facilities, machinery, materials, and supplies for the manufacture of strategic and critical materials, arms, ammunition, and implements of war, any other articles, equipment, facilities, and supplies necessary to national defense, and such other articles, equipment, supplies, and materials as may be required in the manufacture or use of any of the foregoing or otherwise necessary in connection therewith;

(c) To lease, sell, or otherwise dispose of such land, plants, facilities, and machinery to others to engage in such manufacture;

(d) To engage in such manufacture itself, if the President finds it necessary;

(e) To produce, lease, purchase, or otherwise require railroad equipment (including rolling stock), and commercial aircraft, and parts, equipment, facilities, and supplies necessary in connection with such railroad equipment and aircraft, and to lease, sell, or otherwise dispose of the same;

(f) To purchase, lease, build, expand, or otherwise acquire facilities for the training of aviators and to operate or lease, sell or otherwise dispose of such facilities to others to engage in such training; and

(g) To take such other action as the President and the Federal Loan Administrator may deem necessary to expedite the national defense program.

Aggregate amount of funds of Reconstruction Finance Corporation outstanding at any one time to carry out clause (g) shall not exceed \$200,000,000.

(sec. 5d, Reconstruction Finance Corporation Act, as amended June 10, 1941.)

XXVII. To acquire real estate, or any right or interest therein, by purchase, lease, condemnation, or otherwise determined by the Corporation to be necessary or advantageous to the carrying out of any authority vested in any corporation created pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended. (See previous item.) (Sec. 5d, Reconstruction Finance Corporation Act, as amended by sec. 1 of act approved March 27, 1942.)

XXVIII. Loans to foreign governments, to their central banks, or to any person, commission, association, corporation, or bank acting for or on behalf of such government, for the purpose of achieving the maximum dollar exchange value in the United States for the securities or property of any such government, central bank, person, commission, association, corporation, or bank (sec. 5d, Reconstruction Finance Corporation Act, as amended June 10, 1941).

XXIX. Loans to the Secretary of Agriculture for farm tenancy loans in accordance with Bankhead-Jones Farm Tenant Act approved July 22, 1937, \$50,000,000 by Department of Agriculture Appropriation Act, 1941, approved June 25, 1940; \$50,000,000 by Department of Agriculture Appropriation Act, 1942, approved July 1, 1941; \$32,500,000 by Department of Agriculture Appropriation Act, 1943, approved July 22, 1942, and \$30,000,000 by Department of Agriculture Appropriation Act, 1944, approved July 12, 1943, and \$15,000,000 by Department of Agriculture Appropriation Act, 1945, approved June 28, 1944.

XXX. Loans to the Secretary of Agriculture for rural rehabilitation loans, \$125,000,000 by Emergency Relief Appropriation Act, fiscal year 1941, approved June 26, 1940; \$120,000,000 by Department of Agriculture Appropriation Act, 1942, approved July 1, 1941; \$97,500,000 by Department of Agriculture Appropriation Act, 1943, approved July 22, 1942; \$60,000,000 by Department of Agriculture Appropriation Act, 1944, approved July 12, 1943. (Increased to \$67,500,000 by First Supplemental National Appropriation Act, 1944, approved December 23, 1943, and \$67,500,000 by Department of Agriculture Appropriation Act, 1945, approved June 28, 1944.)

XXXI. Loans or purchase of securities to cooperate with States to finance, or to aid in financing, the acquisition of right-of-way necessary or desirable for road projects eligible for Federal aid under the Federal Highway Act (Federal Highway Act of 1940, approved September 5, 1940).

XXXII. To supply funds to War Damage Corporation (created pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended) only on the request of the Secretary of Commerce with the approval of the President, not exceeding \$1,000,000,000 (sec. 5g, Reconstruction Finance Corporation Act, as amended by sec. 2 of the act approved March 27, 1942).

XXXIII. To purchase or make loans upon the security of any article or commodity the sale or distribution of which is rationed under authority of the United States (sec. 5h, Reconstruction Finance Corporation Act, as amended by act approved May 11, 1942).

Funds of Reconstruction Finance Corporation allocated and made available to other governmental agencies:

I. (a) To the Secretary of Agriculture for crop loans (sec. 2, Reconstruction Finance Corporation Act; act of February 4, 1933; (b) for the capitalization (by Reconstruction Finance Corporation) of the regional agricultural credit corporations (sec. 201 (e), Emergency Relief and Construction Act of 1932, approved July 21, 1932); and (c) to the Farm Credit Administration for revolving fund for capitalization production credit corporations (sec. 5, Farm Credit Act of 1933, approved June 16, 1933): \$200,000,000.

II. To the Land Bank Commissioner and the Federal Farm Mortgage Corporation for loans to farmers and capitalization of Federal Farm Mortgage Corporation (\$200,000,000) (section 32, Emergency Farm Mortgage Act of 1933, approved May 12, 1933, as amended; and sec. 3, Federal Farm Mortgage Corporation Act, approved January 31, 1934).

III. To the Land Bank Commissioner for loans to joint-stock land banks (\$100,000,000) (sec. 30 (a), Emergency Farm Mortgage Act of 1933, approved May 12, 1933, as amended June 3, 1935).

IV. To the Federal Housing Administrator:

(a) To carry out provisions of National Housing act (not limited) (sec. 4, National Housing Act, approved June 27, 1934).

(b) For defense housing insurance fund (not to exceed \$10,000,000) (sec. 602, National Housing Act, added by act approved March 28, 1941).

V. To the Secretary of the Treasury for capital of Federal home-loan banks subscribed by the United States (\$125,000,000) (sec. 2, Reconstruction Finance Corporation Act, as amended by sec. 6 (f), Federal Home Loan Bank Act, approved July 22, 1932).

VI. To the Secretary of the Treasury for capital of Home Owners' Loan Corporation subscribed by the United States (\$200,000,000) (sec. 4 (b), Home Owners' Loan Act of 1933, approved June 13, 1933).

VII. For relief:

Emergency Relief and Construction Act of 1932, approved July 21, 1933 (\$300,000,000).

Federal Emergency Relief Act of 1933, approved May 12, 1933 (\$500,000,000).

Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (\$500,000,000).

Emergency Relief Appropriation Act of 1935, approved April 8, 1935 (\$500,000,000).

VIII. For expenses of regional agricultural credit corporations (not limited) (sec. 201 (3), Emergency Relief and Construction Act of 1932, approved July 21, 1932, and section 33 (b), Farm Credit Act of 1937, approved August 19, 1937).

IX. To Commodity Credit Corporation for acquisition of its non-assessable capital stock. Limited to \$97,000,000 (act approved April 10, 1936).

X. To Disaster Loan Corporation for acquisition of its nonassessable capital stock. Limited to \$40,000,000 (act approved February 11, 1937, as amended March 4, 1939).

NOTE.—The material presented above covers the powers of the Reconstruction Finance Corporation to June 30, 1944. Since that date additional powers and

authority have been granted to the Reconstruction Finance Corporation by or pursuant to the following acts of Congress:

A. Title III of the act approved June 22, 1944 (G. I. bill of rights), provides for the guarantee of loans to veterans for the purchase or construction of homes, farms, and business property and authorizes the Administrator of Veterans' Affairs to issue rules and regulations and to designate such agency or agencies as he finds equipped to determine whether the guaranty of a loan should be approved. On December 22, 1944, the Administrator issued regulations relating to the guaranty of loans made for the purchase of business property and subsequently, on January 5, 1945, by letter to the chairman of the board of directors of the Reconstruction Finance Corporation, designated the Reconstruction Finance Corporation as an agency with authority to receive and consider veterans' applications for loans and to forward to the Veterans Administration written recommendations as to the approval or disapproval of the applications.

B. The Contract Settlement Act of 1944, approved July 1, 1944, authorizes certain contracting agencies, including the Reconstruction Finance Corporation and any corporation organized pursuant to the Reconstruction Finance Corporation Act, as amended, to make available interim financing, through loans and discounts and commitments and guaranties in connection therewith, in contemplation of or related to termination of war contracts.

C. The Reconstruction Finance Corporation has been designated as the disposal agency for capital and producer's goods under regulations issued by the Surplus War Property Administrator pursuant to Executive Order No. 9425, dated February 19, 1944, and has continued to act as such disposal agency pursuant to section 35 of the Surplus Property Act of 1944, approved October 3, 1944. As of December 31, 1944, property having an acquisition cost of \$1,044,316,000 had been declared to the Reconstruction Finance Corporation as surplus. Included in this amount is Reconstruction Finance Corporation owned property having an acquisition cost of \$181,421,000. Also as of December 31, 1944, sales were made of property having an acquisition cost of \$127,724,000, the sales price of which totaled \$91,268,000, leaving a balance of such surplus property to be sold having an acquisition cost of \$916,592,000.

D. The Reconstruction Finance Corporation and corporations organized pursuant to the Reconstruction Finance Corporation Act, as amended, are named as contracting agencies by the War Mobilization and Reconversion Act of 1944, approved October 3, 1944, and as such are governed by the demobilization and reconversion policies prescribed in the act and as may be prescribed by the Director of War Mobilization and Reconversion.

Now, Mr. Chairman, as I said before reading this summarized statement of the powers and authority given to the R. F. C. and its various subsidiaries, organized under the R. F. C. Act or otherwise, I think the vast powers and vast authority given is the strongest possible argument that anyone can make for the return, or for the hastening of the return, of these powers to an independent agency of the Government created by the Congress and responsible to the Congress.

More and more, the responsibility of Congress for the creation of these vast powers and for the grant of these vast authorities is placed upon the Senate of the United States as a member of the legislative branch of this Government.

I am firmly of the opinion, myself, that as we follow through the mobilization period to the end of the war, whenever it may come, and as we also enter into and follow through the reconversion period, that this direct responsibility ought to be recognized by the Congress and ought not to be placed, or continued, in an officer in the executive branch of the Government who is a part of the official family, so to speak, of the Chief Executive of the Nation.

These powers are too vast and are too sweeping; the economic control over this country, and the political controls, if I may be bold enough to say so, simply cannot be estimated. And for both reasons, and all reasons, and under all the circumstances, I hope that the com-

mittee will approve the bill which I have introduced; or, preferably, the amendment by way of a substitute which I am offering for the record today.

I believe, Mr. Chairman, that that is all that I have to say.

The CHAIRMAN. Do the members of the committee have any questions of Senator George?

Senator GEORGE. Yesterday some member of the committee did ask about an amendment to the bill as drawn, or to the substitute, and I stated that I would be glad to prepare one for the consideration of the committee.

(The proposed new section to be added to S. 375 is as follows:)

SEC. 7. No functions, powers, or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941, or any other law, unless the Congress shall otherwise by law provide.

Senator BREWSTER. Does that have to do with exempting it from the retransfer powers of the War Powers Act?

Senator GEORGE. Exactly.

Senator BREWSTER. And that amendment would be acceptable, so far as you are concerned?

Senator GEORGE. So far as I am concerned.

Senator BREWSTER. Have you considered the question of whether other loan agencies might be transferred by this same action to the Federal Loan Agency?

Senator GEORGE. I have, Mr. Chairman and Senator Brewster, but I had not thought that this committee would have jurisdiction with respect to the transfer of other agencies that were in other executive branches of the Government, of which this committee itself has no jurisdiction.

Senator PEPPER. I would like to ask a question, Mr. Chairman.

The CHAIRMAN. Go ahead, Senator Pepper.

Senator PEPPER. Senator George, I have before me your bill, S. 375, which you presented to the committee on yesterday. I do not have a copy of the amendment to which you referred, and from which you read, nor of the amendment to which, evidently, the Senator from Maine referred in his question to you.

Would you be good enough to point out the difference between your resolution, if I understand it correctly, which is the proposed substitute for your S. 375, and S. 375?

Senator GEORGE. Practically the only difference, Senator Pepper, is that as S. 375 was drawn, and is now printed, the language reestablishes the Federal Loan Agency, as created by Reorganization Plan No. 1. The substitute accomplishes the same result, but it more accurately reflects, I believe—and I think in that I am correct—that the Federal Loan Agency is an existing agency now. Indeed, under the War Powers Act, under which the Executive order was issued making transfers from the Federal Loan Agency to certain departments of Government, provision is made for the return of these agencies to the agency from which transferred, on the termination of the war or 6 months thereafter, or sooner, if the Congress by concurrent resolution should declare the war ended.

Senator PEPPER. Is that in the form of a bill or in the form of a joint resolution or in the form of a concurrent resolution?

Senator GEORGE. It is in the form of a concurrent resolution; it has the effect of a bill.

Senator PEPPER. But in the form of a concurrent resolution, you say?

Senator GEORGE. Yes.

Senator PEPPER. Well, do you mean by that that it would become effective, have the force of law or the full legal force intended for it, when it was passed by both Houses of Congress, by a majority of both, without requiring the signature of the President, or without being allowed to become law without the President's signature?

Senator GEORGE. I think a concurrent resolution is approved by the President just as an act of Congress is.

Senator PEPPER. Maybe I err. I had the impression that a joint resolution required the signature of the President to become effective and had the character of a bill and was in all respects like a bill; but that a concurrent resolution required only a majority vote of the two Houses and did not require the signature of the President to become effective.

Senator GEORGE. Very well, whatever the legal effect, that is what is intended.

Senator PEPPER. So this is a concurrent resolution instead of a bill?

Senator GEORGE. It is an amendment to this bill by way of substitute.

Senator PEPPER. But the amendment, if effectuated, will make it a concurrent resolution?

Senator GEORGE. No, sir; I find it is a joint resolution. So you are talking to no purpose.

Senator PEPPER. Well, at least I have elicited a clear statement from the able Senator so that we know the character of this bill.

Senator GEORGE. I read it into the record, and it is in form a joint resolution. I believe I inadvertently stated a moment ago that a concurrent resolution is approved by the President. As the Senator from Florida has indicated, concurrent resolutions do not go to the President, but joint resolutions do. In any event, I presume that the substitute which I have offered, if approved by the committee, would be made an amendment in the nature of a substitute to S. 375, so that we need not be disturbed about the particular form in which it stands now, except that I should emphasize that, of course, it is designed as a legislative enactment.

Senator PEPPER. The legal effect of the joint resolution, if enacted, would be simply to divide, or to sever, upon the Senator's theory that the Federal Loan Agency is an existing agency, that agency from the Secretaryship of Commerce?

Senator GEORGE. Simply to return those loan agencies vested in the Department of Commerce to the Federal Loan Agency, which I conceive to be still an existing agency.

Senator PEPPER. I was just trying to clarify the legal significance of the Senator's bill.

Senator GEORGE. That is the full significance of it, I may say to the Senator, with the exception of those technical provisions which simply carry back unexpended balances appropriated to administer those functions.

Senator PEPPER. I was wondering what, in the Senator's theory—and there are no abler lawyers around here than the able Senator from Georgia—upon his theory what, for example, would be the status of

Mr. Jones, who has formerly occupied the office of Secretary of Commerce, and then the head of the Federal Loan Agency. Does the Senator happen to know whether he has occupied both of those offices at the same time, or has, in the Senator's theory, the Federal Loan Agency head been submerged into the office of Secretary of Commerce?

Senator GEORGE. All I know on that point is that the Congress itself, by a joint resolution, authorized Jesse H. Jones, Federal Loan Administrator, to be appointed to and perform the duties of the office of Secretary of Commerce, and that that joint resolution was approved September 13, 1944. Whether Mr. Jones—

Senator BURTON. Wasn't that 1940, Senator?

Senator GEORGE. I should have said 1940—September 13, 1940. Whether Mr. Jones has resigned from the Federal Loan Agency as Federal Loan Administrator, I don't know. If so, there would be a vacancy, and under the President's order that vacancy would be filled by appointment of the President by and with the advice of the Senate.

Senator PEPPER. But if the Senator's bill were enacted and became law, and Mr. Jones has not resigned from his office of Federal Loan Administrator, then he would still remain the Federal Loan Administrator?

Senator GEORGE. I think he would be at this time, if he has not resigned or retired from that office.

Senator PEPPER. Now, Senator, recalling the clear tracing of the history of the present situation, if I recall correctly the present War Powers Act allowed the President, as you say, to distribute executive functions among the executive agencies according to his judgment?

Senator GEORGE. Yes; that is correct. There is no question about that.

Senator PEPPER. If this bill were to be enacted, it would have the effect of denying the Executive the power to assign to the executive branches of the Government the functions of the Federal Loan Agency, either now or in the future, by the amendment to which the Senator from Maine referred?

Senator GEORGE. Yes; it would be a congressional expression that this vast power and authority ought to be placed in an agency directly accountable to and created by the Congress itself, and not hidden away in an executive office where it virtually is immune from any reasonable examination, even by Congress itself.

Senator PEPPER. Well, does the Senator happen to know the legislative history or the congressional past of whether or not the present incumbent of the Federal Loan Agency has submitted or has agreed to or made possible the auditing of his agency by the auditing agency of the Government which is responsible to Congress, for example, the Comptroller General's office?

Senator GEORGE. I do not recall.

Senator PEPPER. I had gained the impression, from the Senator's able presentation yesterday to the committee, that it was his opinion that this bill should be enacted because these vast powers, which the Senator has pointed out very vividly, are too much for one man to possess, especially to hold at the same time the duties of Secretary of Commerce. Now it had seemed to me that probably it was a case of the tail wagging the dog, and that the experience of the past had not, perhaps, indicated that one man was incapable of performing

the duties of both positions—of the Federal Loan Administrator's office and the office of the Secretary of Commerce. In other words, if you turn it around and ask the question whether an able man who is qualified to be Federal Loan Administrator could also perform the duties of Secretary of Commerce, would the Senator think that a qualified man would find that impossible?

Senator GEORGE. I think it would be very difficult to find any man, regardless of his great ability and wide experience, who did not come up with this vast grant of authority under the R. F. C., who could satisfactorily administer both offices.

Now, I am not critical of the past Administrator, Mr. Jones, because he came into R. F. C. before this administration came into office. He has lived through it; he has seen it put together; he has been largely instrumental in putting every piece of timber, so to speak, into the building, and his capacity and his ability and his experience need not be compared with other able and experienced men in the country. But he certainly is one of the few who have had the opportunity of coming up with this vast organization, having the familiarity that he has, necessarily, with it, who could step into the Department of Commerce and carry on this vast operation to the reasonable satisfaction, as I think, of the people.

Senator PEPPER. Well, Senator, the peculiarity—

Senator GEORGE. And, therefore, I think that there should be a separation of these functions.

Senator PEPPER. The peculiarity of the present situation is that this joint resolution is proposed, of course, as legislation by the able Senator from Georgia.

Senator GEORGE. I beg your pardon?

Senator PEPPER. This joint resolution is proposed by the Senator as legislation.

Senator GEORGE. Yes.

Senator PEPPER. The impression is difficult to escape that what precipitated the introduction of this proposed legislation by the Senator from Georgia was the nomination of Mr. Henry A. Wallace by the President to be Secretary of Commerce, and if that inference were well founded, that would indicate that the Senate was holding in suspense the exercise of its constitutional power and duty to advise and consent, or not, to the nomination of the Secretary of Commerce until, in substance, the office for which the nomination was made had been limited in authority and jurisdiction.

In other words, would not the Senator admit that it would be difficult to escape the impression that the Senate was holding up the nomination of the nominee, Mr. Wallace, until legislation could be enacted to change the character of the duties of the Secretary of Commerce?

Senator GEORGE. Well, I do not know how difficult it is to escape any particular impression or any particular conclusion. In all events and under all circumstances, it is my belief that this bill ought to be passed, and that these vast powers ought to be again segregated into an independent agency over which the Congress itself may have very much closer control and very much closer scrutiny.

Senator PEPPER. But, Senator, due to the fact that the legislation was offered in the Senate the same day, the same afternoon, that the nomination of Mr. Henry A. Wallace came to the Senate to be Secre-

tary of Commerce, and due to the obvious desire on the part of some, although the desire may not be shared by the Senator from Georgia, that the nomination not be considered until this particular piece of legislation can be disposed of by the Congress, isn't the impression justified that the introduction of this bill is directly related to the nomination of Henry A. Wallace, by the President, to be Secretary of Commerce, and it wouldn't have been introduced the day it was introduced, or wouldn't be pressed as it is now being pressed, in time, had not a new nomination for the office of Secretary of Commerce come down to the Senate from the President?

Senator GEORGE. The appointment of Mr. Wallace may have been an aggravating circumstance. [Laughter.] But I still believe that the bill is meritorious, and I don't think my motive or my purpose has very much to do with the merits or demerits of the bill. It is either a good bill or a bad bill, and I think it is definitely a good bill.

Senator PEPPER. Well, I was just wondering whether or not it might be accurate to say, instead of the nomination of Mr. Wallace being an aggravating circumstance, it was the impelling circumstance for the introduction of this legislation?

Senator GEORGE. No; I wouldn't go so far, because I am very little concerned about Mr. Wallace, if appointed, being able to fill the routine duties of the Secretary of Commerce, or Secretary of Labor, or Secretary of Agriculture, where he once served. I have no fight on Mr. Wallace. But I would not vote for any man, I think, unless he was a man of demonstrated experience and business capacity, when I look at the vast powers given to the Administrator of the Federal Loan Agency, and also the not insignificant or inconsequential powers of the Secretary of Commerce. I am not here appearing on the nomination of Mr. Wallace, because this committee will, of course, finally report either favorably or unfavorably upon that nomination, and I will have to consider it as any other Member of the Senate. But I think that the suggested legislation here is necessary legislation, and I think that that is particularly true as we travel a bit further toward the end of this war and finally out of it, and through the reconversion period, with all of the commitments which this Nation will be asked to make.

I don't care to expand upon that statement, because I think all of us must know that those commitments are going to be vast, and it seems to me that we ought to have an agency that will function in large part to carry out any commitments that we may make, that will have a direct responsibility to the Congress and that can be rigidly scrutinized and examined by the Congress.

Now, I should not like to discuss the confirmation, or whatever the Senate may finally determine to do with Mr. Wallace's nomination as Secretary of Commerce.

Senator PEPPER. Does the Senator from Georgia intend to press for the enactment of this bill, or the final disposition of this bill, prior to the final consideration of the nomination of Mr. Wallace?

Senator GEORGE. Prior to and subsequent, if he is finally confirmed, and regardless of who is nominated. I want to make it clear. I am not making any fight on Mr. Wallace. I certainly regard him as a gentleman of integrity and character, and I am not making any fight on Mr. Wallace. And regardless of who is nominated, I think I will

continue to press for consideration in the Senate, and also in the House so far as a Senator is permitted to confer with Members of the House on legislative matters.

Senator PEPPER. Thank you, Senator.

Senator BURTON. Mr. Chairman.

The CHAIRMAN. All right, Senator Burton.

Senator BURTON. I have one or two questions I would like to ask.

In order to make absolutely clear in our record the legislative history that relates to this step, the Senator referred to the fact that Congress had taken action joining in the approval of the creation of a Federal Loan Agency; is that correct?

Senator GEORGE. Yes; I did, and I said that the effective date of the Federal Loan Agency had been expedited by direct congressional action, also. That statement is not literally true. Mr. Boots of the Legislative Counsel's office called my attention to the fact that that wasn't actually a true description. A resolution was passed fixing the effective date of plan No. 1, creating the Federal Loan Agency, thus approving the plan, although the time had not then expired for the consideration of the plan by Congress. The effect was to expedite the approval date of the plan although actually the effective date was postponed a few days. My point is that there was specific congressional action on this plan No. 1 which created the Federal Loan Agency.

Senator BURTON. But in contrast to that there has been no action of Congress approving the placing of the Federal Loan Agency under the jurisdiction of the Secretary of Commerce. I understand that that was done solely by Executive order, is that not correct?

Senator GEORGE. That was done solely by Executive order. On the contrary the Congress had, by an unusual resolution, authorized Mr. Jones, who was the Administrator of the Federal Loan Agency, to hold both the office of Administrator of the Federal Loan Agency, and Secretary of the Department of Commerce.

Senator BURTON. That is precisely the action of Congress that I wish to emphasize.

Senator GEORGE. That is correct.

Senator BURTON. The only action that the Congress has taken relating to the placing of the Federal Loan Agency under the jurisdiction of the same man who was Secretary of Commerce, is included in the resolution to which the Senator referred, as having been approved on September 13, 1940?

Senator GEORGE. That is correct.

Senator BURTON. And I will read it as I have it here and see if it is the one that the Senator has in mind. [Reading:]

Resolved by the Senate and the House of Representatives of the United States assembled, That notwithstanding any provision of law to the contrary, Jesse H. Jones, Federal Loan Administrator, may continue in such office and be appointed to, in the manner now provided by law, and may exercise the duties of, the office of Secretary of Commerce, provided that the total compensation to be paid him as Secretary of Commerce and as Federal Loan Administrator, shall be that provided by law for the Secretary of Commerce.

Is that the resolution to which you had reference?

Senator GEORGE. That is the resolution, which was duly passed by both the House and the Senate, and approved by the President under date of September 13, 1940.

Senator BURTON. Therefore, Mr. Chairman, I would like the privilege of reading very briefly for the record two paragraphs containing the sense of the discussion of that resolution which took place on the floor of the House and the Senate, thereby indicating the basis upon which the House and Senate took that action.

First I refer to the discussion, which was very brief, which took place on the floor of the House on September 9, 1940, when this resolution was unanimously passed, and I quote the following from the remarks of Congressman Steagall, chairman of the Committee on Banking and Currency which approved the resolution, and who was supporting it before the House. He said this, referring to Mr. Jones [reading]:

He has an experience of nearly 10 years in connection with the lending agencies of the Government. I do not think it is unfair to say that, in the light of his experience, his judgment cannot be duplicated by any other public official. We do not want to lose the benefit of his services in connection with these agencies, by having him surrender these duties in order to accept the appointment to the office of Secretary of Commerce.

The House thereupon unanimously passed the resolution.

On September 10 it came before the Senate. There was only one Senator who made a statement as to it, and that is my colleague, Senator Taft, who was serving as a member of the Committee on Banking and Currency of the Senate, which had recently acted favorably upon a similar resolution introduced in the Senate, and, if I may, I will read Senator Taft's remarks which, Mr. Chairman, are the only remarks on this matter as it came before the Senate on September 10, 1940. He said [reading]:

Mr. President, I do not wish to object to the joint resolution, since I have the highest respect for Mr. Jones and think he is one of the ablest men in the public service. I merely wish to call attention to the fact that Mr. Jones already probably has more power than any other man in the Government, with the single exception of the President. He has unlimited power to lend money to anyone, to any industry in the United States, or refuse to lend. We gave him unlimited power to invest Government money in any Government plant which manufactures any form of supplies or any other kind of material which has the remotest relation to war. I do not think, with the exception noted, any man in the United States ever has enjoyed so much power. I have no great objection to giving Mr. Jones the additional power to act also as Secretary of Commerce, but I think it is an extraordinary precedent, which is justified only by the character of the man, and which I hope may not be repeated.

Thereupon the Senate unanimously passed the joint resolution.

The CHAIRMAN. Senator Radcliffe?

Senator RADCLIFFE. Senator George, your statement illustrated the wide extent of the powers of the head of the R. F. C. and also the vast authority which he exercised. Is it your opinion that either the extent or the importance of those responsibilities likely to be lessened materially within the near future?

Senator GEORGE. I do not see how that can be possible. I think they will continue, at least for an unforeseeable time. There may be some time in the remote future when some of them will go out, but those powers are likely to be more and more exercised as we pass out of the war, through demobilization and into a definite reconversion period at home and abroad.

Senator RADCLIFFE. That was certainly my impression, but I wanted to know your opinion on the subject.

The CHAIRMAN. Are there further questions?

Senator OVERTON. Mr. Chairman.

The CHAIRMAN. Senator Overton.

Senator OVERTON. Senator George, in your opinion, does the office of Federal Loan Administrator still exist, as a matter of law?

Senator GEORGE. I think it does, Senator. After appearing before the committee yesterday I made a reexamination and I do think so, definitely.

Senator OVERTON. Now, then, the Congress of the United States deemed it necessary, in order for Mr. Jones to qualify as Secretary of Commerce, that he should be authorized to hold both offices, that is, the office of Federal Loan Administrator and the office of Secretary of Commerce.

Senator GEORGE. It authorized him to hold the office of Secretary of Commerce notwithstanding the fact that he was the Administrator of the Federal Loan Agency.

Senator OVERTON. Well, that is equivalent to the same thing.

Senator GEORGE. Yes.

Senator OVERTON. Now, then, that resolution applied personally to Mr. Jones?

Senator GEORGE. Entirely; yes, sir.

Senator OVERTON. Now, then, we have another nomination, that is, the nomination of someone else, and that is Mr. Wallace. In your opinion, would it be necessary for a similar resolution to be passed in order that Mr. Wallace might discharge the functions of both the Federal Loan Administrator and the Secretary of Commerce?

Senator GEORGE. No; I think not, because there have been transferred to the Department of Commerce, and to the Secretary of Commerce, now, certain powers, and I think anyone who becomes Secretary of Commerce would have the right to exercise those powers without more. He would not be colliding with the general principle, Federal principle, which we have enacted, that one can't hold two offices at the same time.

Senator OVERTON. I think I go along with you in that conclusion, but I am constrained to differ with you in another conclusion, and that is that if this bill should be passed, and the duties of the former office of Federal Loan Administrator should be segregated, and that office revived, Mr. Jones would not continue as Federal Loan Administrator. He has discharged the duties of the Federal Loan Administrator simply because he is the Secretary of Commerce, but the revival of the office wouldn't revive the appointment.

Senator GEORGE. I think it would, because the act itself provides for it.

Senator OVERTON. Well, I would like that information so as to get this clear.

Senator GEORGE. I think you will find that it does. If I am not mistaken, I think this is the provision which, in my judgment, makes clear that the enactment of S. 375 would immediately revivify, so to speak, or revive, the Agency, which already exists ready to function, I suppose, when it has any functions to perform.

The bill I have introduced gives it those functions.

[Reading:]

Upon termination of this title, all executive or administrative agencies, governmental corporations, departments, commissions, bureaus, offices, or officers, shall exercise the same functions, duties, and powers as heretofore or hereafter by law may be provided, any authorization of the President under this title to the contrary notwithstanding.

Senator OVERTON. Was that officers or offices?

Senator GEORGE. Both. It seems to me that that is the intent of it.

Senator OVERTON. Just one other question—

Senator GEORGE (interposing). I said that I did not know whether Mr. Jones was still in office as Administrator of the Federal Loan Agency, because he may have resigned, so far as I know.

Senator OVERTON. You have made the statement that the authority vested in the Federal Loan Administrator is a very vast authority, not only from an economic standpoint but even from a political standpoint, and that that authority is so vast that you do not think it wise to continue the offices of Federal Loan Administrator and Secretary of Commerce in one and the same individual, regardless of who he may be.

Senator GEORGE. I think so.

Senator OVERTON. That is correct?

Senator GEORGE. Yes.

Senator OVERTON. Would you go a step further, and do you think that the powers vested in the office of the Federal Loan Administrator are so vast that they ought not be lodged in one man, but that they ought to be subdivided into several agencies and have several men exercise those functions, rather than give this vast authority to one individual, regardless of whom he may be?

Senator GEORGE. I haven't considered that, I might say, Senator Overton, in connection with this particular bill, because here I thought the only jurisdiction of the committee—or that it might be held to be the only jurisdiction of the committee—was to determine whether or not you would let something come into Commerce, or let something go out of Commerce.

Senator OVERTON. I think that is correct, but I would just like to have your views in that regard?

Senator GEORGE. I think his powers are very vast and I am satisfied that Congress failed to limit or restrict them in certain instances at least, maybe as they should have been limited or restricted, because of the personal confidence in Mr. Jones who had been connected with the R. F. C., and under whose guidance it had developed from year to year. I do not say that that was a very sound basis for legislation, even in the first instance, but I think that is a fact, and I am simply stating it as a fact.

Senator PEPPER. Mr. Chairman, may I ask another question?

The CHAIRMAN. Yes, Senator Pepper.

Senator PEPPER. Senator, I recall that the duties of the Department of Commerce, I believe, if I have the correct language of the statute, among other things are as follows:

It shall be the province and duty of said Department—
referring to the Department of Commerce—

to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries, and the transportation facilities of the United States.

Now, looking at that as one of the principal positions in our Government, would the Senator not agree that these vast powers which are vested in the Federal Loan Administrator are very directly related to those objectives which are set out there for a member of the President's Cabinet?

Senator GEORGE. Certainly, because the vast powers vested in the Administrator of the Federal Loan Agency are all-embracing; they cover everything, and they therefore must cover the direct responsibilities of the Department of Commerce.

Senator PEPPER. Would the Senator recognize that as some argument for the fact that the two offices are so intimately related—as no doubt the President thought when he made the Executive order—that it was more appropriate that they should be held by the same man than that they should be held by two men?

Senator GEORGE. No. I don't know what was in the President's mind, of course, but I apprehend that he felt that Mr. Jones' long experience, and his entire familiarity with the Loan Agency, would enable him to discharge the functions of both offices, and I imagine that the President must have felt that way about it. But I do not think that now and for the future these vast powers ought to be vested in an executive department secretary.

Senator PEPPER. Well, the Senator will agree that of the two offices the Federal Loan Administrator's office has far greater power to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries, and the transportation facilities of the United States, than the office of Secretary of Commerce?

Senator GEORGE. I think so, because the Secretary of Commerce could only do those things with such funds or tools as Congress might provide him, and the Administrator of the Federal Loan Agency has, I undertake to say, the vastest power lodged in any single official of this Government unless it be the President—and of course they are not comparable powers.

Senator PEPPER. And yet, as the Senator from Louisiana has pointed out, the Senator's bill does not propose to distribute those powers among several men, or create a board, or anything like that, but it still allows those powers to continue to be vested in one man, as vast as those powers are.

Senator GEORGE. Yes. You can't unscramble it all at once, and I don't think this committee has jurisdiction over——

Senator BREWSTER (interposing). Wouldn't the suggestion of the Senator from Florida argue, also, that the Federal Loan Administrator might with equal propriety be the Secretary of the Treasury and the Secretary of Agriculture, since there are vast powers relating to those Departments also?

Senator GEORGE. Yes, indeed, because as I say, the powers here granted to the Administrator of the Federal Loan Agency cover practically the whole of our business, financial, and economic life, and it is remarkable, I think, that any one man, though he grew up with this Agency, acquiring one by one at different times these vast powers, could really handle them all in the capable way that he has.

I question whether it would not be very difficult to find any man, regardless of his general business ability or capacity or experience, who could step into the shoes of Mr. Jones and do both of these jobs, which he has done because of his peculiar opportunity to know and learn.

All of that is wholly aside from another question which, in my opinion, is very important. I don't think that in a republic like this,

such vast possible political control or power should be placed in one man's hands in the executive branch of the Government, or perhaps in any branch of the Government, because I think we must know, as practical men, that if one were disposed to, if he wished to be a politician in this office, there is absolutely no way of measuring the consequences of his administration of it.

Senator PEPPER. Just one other question. I am not sure from the language of the Senator's bill that he throws any great safeguards around the exercise of this power by whoever it might be.

Senator GEORGE. No, Senator, I did not, and I didn't attempt to do that because I think that the Committee on Banking and Currency would have jurisdiction of that kind of a bill. I do not mean to say that this is the last bill that I may offer on this matter if this bill goes through, but I didn't think that the Commerce Committee would want to conflict with the Banking and Currency Committee in considering limitations on the power, or exercise of power, under any one of the loan agencies set up by the Congress, because that isn't within the jurisdiction, I didn't think, of this committee.

Senator PEPPER. That, if I may say so to the able Senator, is what leaves an aspect of peculiarity to this particular legislation at this particular time. It has all the aspects of a piece of legislation which admittedly is not complete in character and which evidently was designed in haste, and was related to the encumbency of the office of Secretary of Commerce by the former Vice President of the United States. So that it is difficult for the citizen who reads about these matters in the paper, and hears the reports about it, not to infer that as soon as the immediate past Vice President of the United States, who had previously been a cabinet officer, was proposed to occupy this office, that immediately an attempt was made to shear him of the greater part of the powers which had pertained to that office, by the Congress; as distinguished from the appearance of such legislation to the citizen if the Senate had rejected or confirmed the nominee, according to its judgment in the exercise of its constitutional power, and then that the Senate had proceeded to the consideration of any legislation that might affect the jurisdiction of that office in the ordinary legislative course.

Senator GEORGE. Well, I don't think that I care to argue the point at all. I merely call the Senator's attention to the fact that under the very order which consolidated or brought into the Department of Commerce these extraordinary powers, express provision is made for their return, so that if the war ended today they would be returned within 6 months anyway, and might be returned much earlier if a concurrent resolution of the two Houses declared the war to be at an end.

Senator O'DANIEL. Mr. Chairman, may I ask a question?

The CHAIRMAN. Go right ahead. We want to get through with Senator George, though, so that we may proceed with Mr. Jones.

Senator O'DANIEL. Senator George, if and when the Congress should adopt your joint resolution, restoring the powers to the Federal Loan Agency, would it be your opinion that the President or Chief Executive would then later have the authority to retransfer those powers back from the Federal Loan Agency to the Secretary of Commerce, as he did before?

Senator GEORGE. Not if the amendment which I handed to the reporter here was incorporated in the bill, because that expressly freezes it and makes that impossible. I do not think he would anyway, I don't think the President would. I don't believe that the President can be unmindful of a solemn act of the Congress, if it should take such action and should say that these lending agencies or loan agencies should go back into an independent agency, an over-all, supervising agency. I do not think that the President then would undertake to transfer them back to Commerce.

Senator O'DANIEL. But you do believe that he would have the authority?

Senator GEORGE. Not after the approval of the bill; I wouldn't think so.

Senator O'DANIEL. With the added amendment that you suggest?

Senator GEORGE. Well, without that amendment I wouldn't think that if this bill passes and is approved by the President, that thereafter he would have that authority. But he might have the naked power to make the transfer before he approved the bill, or he might veto the bill. I have just never assumed that the President will follow that course when he knows the will of Congress, if there is a foundation for what Congress is doing.

Senator O'DANIEL. I agree with you that I doubt if he would follow that course. I was trying to ascertain your opinion as to whether he would have the authority to follow that course.

Senator GEORGE. Not if this bill passes and is approved. If he approves it, thereafter he couldn't make this transfer because here is a law standing, directly to the contrary.

Senator O'DANIEL. You mean as you originally introduced it or as you propose to amend it?

Senator GEORGE. With the proposed amendment.

Senator BILBO. Mr. Chairman?

The CHAIRMAN. Senator Bilbo.

Senator BILBO. Senator George, I assure you that this is a friendly question. Some question has been raised about the proximity of the time of the submission of Mr. Wallace's name and your bill. In order that no one may question your motive in presenting this legislation, if on tomorrow the President should withdraw the name of Wallace and submit the name of Jones, would you be willing to say that you would pursue the same zeal in the enactment of this legislation?

Senator GEORGE. I don't know that any member of any committee has a right to question my motive, either here or elsewhere, but I do not mind you questioning my motive if you want to do it. I have answered explicitly that I would pursue it as I am now pursuing it, regardless of who was appointed or when he was appointed.

Senator BILBO. That is the point I want to make.

The CHAIRMAN. If there are no more questions, Senator George, I will express the thanks of the committee to you for coming and so thoroughly discussing this matter.

Senator GEORGE. And I wish to thank the committee for its attention.

The CHAIRMAN. We will now proceed to hear, pursuant to the invitation of this committee, the Honorable Jesse H. Jones.

STATEMENT OF HON. JESSE H. JONES, SECRETARY OF
COMMERCE AND FEDERAL LOAN ADMINISTRATOR

Secretary JONES. Mr. Chairman, I hardly know where to start or how you would like to have me start.

The CHAIRMAN. You can start by making a statement, if you prefer, or if you wish to proceed by way of questions I am sure there are Senators here who will desire to ask some of you. That is up to you. Do you have a prepared statement?

Secretary JONES. Well, I have a good deal of material from which I can testify. I do have a very short prepared statement that I might make if the committee is interested in hearing it.

The CHAIRMAN. We are interested, and you may proceed.

Secretary JONES. Mr. Chairman and members of the committee, as I see it, the paramount issue before this committee, in considering the resolution offered by Senator George, is not the location of the powers which the Congress has from time to time delegated to the R. F. C. but the proper character of their administration.

It is fully within the province, and certainly the responsibility, of Congress, to determine whether the R. F. C. and its many agencies and functions, are to be separated from the Department of Commerce.

It has been stated here by Senator George and others that Congress, by a joint resolution, authorized me personally to hold both offices, but I want to say that they were careful to provide that I could only draw one salary.

The R. F. C. and its subsidiaries, conduct probably the most gigantic business enterprise, or series of business enterprises, that the world has ever known, under one roof—

The CHAIRMAN (interposing). Can you give us some figures on that?

Secretary JONES. I will in just a minute if I may, Senator.

The CHAIRMAN. All right.

Secretary JONES. We have engaged in literally hundreds of separate businesses. Individually and collectively they affect the entire economy of this Nation. The way in which they are administered from now on is even more important, if that is possible, than their administration in the past, since the post-war adjustments will need to be most carefully handled in order not to destroy—and I should like to emphasize that—our entire business and financial structure.

The man who is given the vast responsibilities contained in the R. F. C. Act should be one of proven and sound business experience. He should be a man who will attract to him, men of sound judgment, with business knowledge gained from experience in business. The country has a right to expect a man in this important place whose philosophy is in line with the principles which made our country great.

It is my firm conviction that the Government's investment in plants and facilities, and in raw materials, represented by billions of dollars of the taxpayers' money, should not be made the subject of careless experimentation.

It is equally important to stop and think how the lending power of the R. F. C. will be administered in the future. For the past 13

years the resources of the R. F. C. have been used to supplement private credit, so that funds might be available when private resources were not adequate.

The R. F. C. Act specifies, and always has specified, that loans should only be made either with full and adequate security, or latterly, when they were so secured as reasonably to assure their repayment. The discretion which the latter leaves with the directors of the R. F. C. could easily be abused either by inexperienced, visionary planning, or a disregard of the taxpayers' money.

Certainly the R. F. C. should not be placed under the supervision of a man willing to jeopardize the country's future with untried ideas and idealistic schemes.

The lending agencies of the Government can be administered, as they have been, on a purely nonpartisan basis for the benefit of all of the people, or they can be used to destroy what we have built up in this Nation in our 170 years of independence. That, to my mind, is the issue which this committee and the Congress must decide. It must decide all of this without any regard whatever to any individual, including myself.

I have been honored by the Congress a great deal, and by the President. You have passed laws that gave authority for my administration, enough to make me lay awake nights and worry, and as a result I have found it necessary to work about 12 hours a day, 7 days a week, for 13 years, or certainly 12, since I have been head of the R. F. C.

It is an honor, of course, to be in the President's Cabinet. I assume most anyone would like to be in his Cabinet if there was a place he could properly fill.

The President first mentioned to me, as early as 1936, that he would like me in his Cabinet. Well, I didn't encourage it; I didn't discourage it. I was asked by him if I would be interested in an appointment as Secretary of the Navy, prior to Mr. Edison's appointment to that post as successor to our lamented friend, Secretary Swanson. I thanked him and told him that I thought I was not suited for that, and that I thought I could do better work where I was.

Later, in 1939, he created the Federal Loan Agency and made me the Administrator in charge of the various lending agencies, which were, from time to time, taken away by Executive order, but leaving the principal one, the R. F. C., and its subsidiaries.

In 1940 the President stated to me that he would like to appoint me Secretary of Commerce. I said, "Mr. President, I appreciate that but will I take with me my responsibilities as Federal Loan Administrator?" He said, "No, you will have to give that up." I said, "Thank you, Mr. President, but I would rather stay where I am, I am needed there. Someone else can do the other job." Then he said a few days later, "If Congress is willing for you to hold two statutory jobs, which you can't do simultaneously except by permission of Congress, I am willing."

And Congress very graciously paid me the compliment of passing the joint resolution that has been referred to here this afternoon. It is an honor to be in this Cabinet, but it is a greater honor to serve where you can be the most useful, and that is the only place that I want to serve my Government, where I can be useful and the most useful.

I am not looking for a job and have never looked for a job—I don't need one.

Now you asked for figures. I sent each Member of Congress a few days ago a report of what the R. F. C. had done in the war emergency, and I would like to make another reference, which is not in my notes. In May 1940 Mr. Harry Hopkins told me that the President would like for me to buy some tin and some rubber, and that is all that was said.

When I saw the President at the next Cabinet meeting, I mentioned it and he said, "Yes, I think you had better," and that was all that was said. I said, "All right, but I will need legislation." He said, "Go get it."

We had drafted a simple bill to buy critical materials and so forth, and it was presented to the committees on Banking and Currency of both Houses, and when the members of those committees got through rewriting and redrafting and amending and expanding that bill, it was all over the lot. It had everything in it from manufacturing shoe strings to as far as you would want to go. It was too much authority, it frightened me, and I said to that committee, to the members of the Senate Banking and Currency Committee—and, I think repeated it in the House—"If you are going to give all of that authority to the Reconstruction Finance Corporation I would like to place some safeguards. Give authority to do these things only when requested to do so by the Federal Loan Administrator with the approval of the President of the United States."

And that is in the law, and it is in there at my request because of the tremendous amount of authority which I did not want the directors of the R. F. C. to have the responsibility of exercising without supervision. So that everything that has been done in the war effort had had the written approval of the President of the United States and has been done at my request, first as Federal Loan Administrator, and then as Secretary of Commerce.

Now that is the way I feel about this authority. I think it is too much authority. I thought so at the time I was asked to become Secretary of Commerce. I didn't want to leave what I was doing because I thought I was needed there. I still think that somebody with a proven business experience of an extended nature is needed in charge of the R. F. C. and its multiple organizations.

It is bigger than General Motors and General Electric and Montgomery Ward, and everything else put together and you don't hear much about it because it is being run by businessmen, by men experienced in business, by men who haven't any ideas about remaking the world. [Laughter and applause.] Plodders—not smart, just plodders, trying to do a job honestly and constructively, and they have done it. It is not to my credit that we have done a big job or a good job. It is to the credit of the men who have done the job. I have never failed to give them credit for all the successes, and I hope always to take the blame for all the mistakes.

The CHAIRMAN. Well, is it your view that the powers of the Loan Administrator and the R. F. C. chairmanship, and all this lending that has been authorized, are so great that they might be used by one in your place to determine the economic direction of the country and affect its whole social and political structure?

Secretary JONES. You think they should be separated—is that it?

The CHAIRMAN. No. I say, Is it your view that the powers of the Loan Administrator and the Reconstruction Finance Corporation

are so great that the man who has charge of them could so administer those powers as to determine the economic direction of the country, and with that, its social and political character?

Secretary JONES. I think they could affect it very seriously. If it is up to the Loan Administrator or the Secretary of Commerce or the Directors of the R. F. C. to do a thing for which we have full authority—

The CHAIRMAN (interposing). Have you ever used your powers as Loan Administrator and R. F. C. Chairman for the purpose of determining the economic character or the social character of this country?

Secretary JONES. I certainly have not, except to the extent of being helpful. Naturally, in periods of depression we have tried to make all the loans and investments we could justify to maintain and increase employment.

The CHAIRMAN. But you have undertaken to preserve the American economy?

Secretary JONES. Yes. We have never used anything like all of the borrowing authority that we had or the power that we had or the money that we had available. We have been conscious every minute of every hour, and every hour of every day, of responsibility that we have, and if we were praying men we would pray to God to give us the courage to do what we thought was right.

The CHAIRMAN. What is the extent of your power to borrow and to lend money?

Secretary JONES. We have at this time borrowing authority for general purposes something over \$14,000,000,000. We have borrowed of that amount, and used, about \$8,000,000,000. We have available now about \$6,000,000,000.

The CHAIRMAN. That is in your capacity as Chairman of the R. F. C.?

Secretary JONES. I was referring to the borrowing authority of the R. F. C.

The CHAIRMAN. All right.

Secretary JONES. Now, of that \$6,000,000,000 we are committed for expenditures of $8\frac{1}{2}$ billion dollars. In other words, we are $2\frac{1}{2}$ billion dollars overcommitted.

We came to Congress 2 years ago and asked for an increase in our borrowing authority of \$5,000,000,000. That got tangled up at the end of the session and didn't carry. At that time we were getting requests from the War Department and Navy Department and Maritime and the War Production Board and every other agency for 50 million, 100 million, 700 million, 600 million, and it looked as if we would soon be out of funds. That is the reason we asked for the increase.

The committees both reported favorably, and it would have passed except that Congress was about to go home for Christmas, and it was the end of a Congress, too. We have spent in the war effort something over \$18,000,000,000.

The CHAIRMAN. You are referring now to the R. F. C.?

Secretary JONES. Yes; and the other agencies. The R. F. C., Defense Plant, Metals Reserve, Rubber Reserve, Defense Supplies, Rubber Development.

While we have spent the 18 billion, we have received back more than \$9,000,000,000 for the sale of materials, rent on plants, part

payment on plants, and various collections. We have been gradually collecting also from previous peacetime loans and investments. So that we are as well off now, or a little better off, than we were when we went to Congress 2 years ago for more money.

I don't think we need any more money; I think we have enough borrowing authority to go right on through the war because of the fact that we are selling all these materials.

We buy and sell every gallon of 100-octane gasoline that is used in the war, and we do many things, too numerous to mention now, which I could mention if I had the time. I condensed that when I sent each of you a copy, as much as I could, so that you could read it. It is the only time I have had an opportunity to report to Congress as to what we have done with all of this extraordinary authority, and I was glad to be able to do it and to show you exactly what we had done—and it is all there.

We have authorized some 32 or 33 billion dollars in war work; it hasn't all been used. We have not held anybody up 1 minute on any decision. We have built plants for the War Department that they should have built maybe, but they didn't because of the lack of authority or money or for other reasons. Back in 1940 we started building plants, and we would do it on the telephone. Knudsen would call up, "Can you do this; can you do that—\$100,000,000 here, \$200,000,000 there?" "Yes." That is the way we have run the business.

Fiscally, our business is as well handled as the biggest private corporation in the United States. We have as efficient men, as capable people, as anyone; we have our running audits; they are auditing all the time to see where we make any mistakes, where we get out of bounds, or where we are being imposed upon.

The CHAIRMAN. What are the limits? What are your financial limits or your resources for borrowing money as Loan Administrator?

Secretary JONES. What are the limits?

The CHAIRMAN. Yes. Is there a limit? How far can you go?

Secretary JONES. We can lend anything that we think we should. [Laughter.]

The CHAIRMAN. That means the sky, does it not?

Secretary JONES. Any amount, any length of time, any rate of interest.

The CHAIRMAN. And to anybody?

Secretary JONES. And to anybody that we feel is entitled to the loan.

The CHAIRMAN. You have to come to Congress for your money, do you not?

Secretary JONES. Yes; but you have given us a lot of money.

The CHAIRMAN. How much altogether?

Secretary JONES. Well, as I explained a while ago, we have 6 billion unexpended, but we have committed 8½ billion against that.

The CHAIRMAN. How much have you got loaned out?

Secretary JONES. At this time not a great deal. I think you would be interested to know that the billion and a quarter that we put in as capital in banks, back in 1933, 1934, and 1935, has all come back except less than 300 million.

The CHAIRMAN. That goes into the revolving fund?

Secretary JONES. Yes.

The CHAIRMAN. And you lend it out again?

Secretary JONES. It is there to lend out or do whatever you want to do with it.

The CHAIRMAN. What I am trying to get at is some conception of the total fund in your hands as R. F. C. head, and as the Loan Administrator—what is the total?

Secretary JONES. As I explained a while ago, Senator, \$14,000,000,000 is the total that can go. Of that, 8 billion has been spent. We still have 6 billion, and that is committed. But it comes back.

Senator BURTON. The Senator was asking what other authority, besides that under the R. F. C., you had to loan. Your 14 billion was R. F. C., was it not? The chairman was asking what additional authority you had to loan besides under the R. F. C. through your position as Federal Loan Administrator?

Secretary JONES. Nothing.

Senator BURTON. So \$14,000,000,000 is the total?

Secretary JONES. Yes.

Senator BREWSTER. Mr. Chairman.

The CHAIRMAN. Senator Brewster.

Senator BREWSTER. You said that you had spent 18 billion on Government plants. That must have been outside the 14 billion.

Secretary JONES. Government work.

Senator BREWSTER. Government work?

Secretary JONES. About 9 billion of it was Government plants, and the balance was buying materials.

Senator BREWSTER. Do you now own those plants under the Defense Plant Corporation?

Secretary JONES. Yes; we own plants now to the cost of about \$7,000,000,000, a little more.

Senator BREWSTER. And that is in addition to the 14 billion?

Secretary JONES. No.

Senator BREWSTER. That is included?

Secretary JONES. That is included.

Senator BREWSTER. So you have that as assets against—

Secretary JONES. We have these plants. The only money, Senator, that we will lose is in the war work. On everything that the R. F. C. did before the war, including the bad days back in the panic days, the R. F. C. has a definite profit, over all operating expenses and interest that we paid to borrow the money that we loaned and invested; we will have a profit of about \$500,000,000. So that the R. F. C. has not cost the taxpayer a dime except in war work.

Senator RADCLIFFE. Mr. Chairman.

The CHAIRMAN. Senator Radcliffe.

Senator RADCLIFFE. Mr. Jones, how much have you loaned out in the aggregate, how much have you collected back, and about what is the value of your present holdings?

Secretary JONES. We have loaned out and invested in bank stocks and a few securities, a total of about \$10,000,000,000—that is not counting war work.

Senator RADCLIFFE. I had reference to all the loans which you have made since you have been occupying the position.

Secretary JONES. I am trying to analyze them.

Of that, it is all back except about one and three-quarters billion. That will all come back with a substantial profit.

As I said a minute ago, the billion and a quarter we put in banks is all back except less than \$300,000,000. And the money we put in 6,102 banks, as capital, it is all back except from 2,100 of those banks; and there are only about 51 banks, of all of them, that are delinquent in their payments.

Senator RADCLIFFE. How much have you loaned for all purposes since you have been head of the R. F. C., or Federal Loan Administrator, and how much have you collected back?

Secretary JONES. We have authorized loans and investments aggregating about \$45,000,000,000.

Senator RADCLIFFE. How much have you collected, and what is the value of your present holdings?

Secretary JONES. We have paid out about \$28,000,000,000 of that, and we have collected about 19 or 20 billions.

I will have to check myself, but those are about the right figures.

If I may go back to the period before the war, where the R. F. C. was set up—and the R. F. C. was not set up for the war, but for other purposes—it did its job.

Of our bank capital all is back except less than \$300,000,000.

Of the billion that went to railroads, all is back except less than \$300,000,000.

Most of our loans to industry of close to a billion have been paid.

So that we are gradually winding up our collections on everything loaned prior to the war. In the war work, of course, we have all these plants, and raw materials. In addition, we have authorized nearly \$2,000,000,000 of loans for war work.

Senator RADCLIFFE. I have always been under the impression, Mr. Jones, that your loans have turned out very successfully. That is the reason I asked you for some specific statement as to the figures.

Secretary JONES. I would be very glad, if I may—I am testifying here from memory—but I would like to put into the record of this hearing the figures that I have here for you, so that anybody who is interested in reading them will get the details.

The CHAIRMAN. You may hand those to the reporter.

(The figures submitted by Secretary Jones are as follows:)

RECONSTRUCTION FINANCE CORPORATION—SUMMARY OF ACTIVITIES NOT DIRECTLY
RELATED TO THE WAR

In its activities not directly related to the war, Reconstruction Finance Corporation has authorized loans and investments totaling \$13,160,000,000, of which \$3,208,000,000 was canceled and \$9,656,000,000 disbursed. Repayments and other credits total \$7,978,000,000. In addition, Reconstruction Finance Corporation has made allocations to other governmental agencies and for relief by direction of Congress totaling \$2,900,000,000.

The authorizations include—

Loans to 5,825 going banks, 2,780 closed banks, 1,183 building and loan associations, 7 credit unions, 133 insurance companies, and 233 mortgage loan companies, aggregating \$3,395,400,000.

Investment of capital in 6,882 banks and 10 fire and casualty insurance companies aggregating \$1,393,100,000.

Loans to 98 railroads and railroad receivers and trustees aggregating \$1,503,700,000.

Loans on 404 self-liquidating projects and projects authorized under Federal, State, or municipal law, including public-school districts, aggregating \$831,700,000.

Loans to 668 drainage, levee, and irrigation districts involving disbursements of \$100,780,000.

Purchase of 3,319 issues of securities from other governmental agencies having par value of \$694,745,000 (including \$201,000,000 railroad securities).

12,102 loans to business and industry. (This is in addition to 11,216 business loans for defense and war.). The 22,311 business loans aggregate \$2,838,400,000.

Loans for benefit of agriculture totaling \$2,485,000,000.

Loans totaling \$1,011,500,000 to other governmental agencies for rural electrification, farm tenancy, and rural rehabilitation.

21,842 loans aggregating \$47,385,000 directly or through Disaster Loan Corporation to sufferers from floods and other catastrophes.

119,657 loans aggregating \$566,500,000 through the RFC Mortgage Company and Federal National Mortgage Association to reestablish a normal market for mortgages on income-producing urban property and to provide a market for Federal Housing Administration insured mortgages.

A more detailed statement is attached.

BANKS—LOANS

Loans have been authorized to 5,825 going banks, principally in 1932 and 1933, in the amount of \$1,334,880,161 to enable the banks to meet the demands of their depositors that grew out of fears for the safety of their money during the depression. Of this \$1,138,251,619 was disbursed, and 98.9 percent of the amount disbursed has been repaid.

Loans aggregating \$1,419,531,473 have been authorized for distribution to depositors in 2,780 closed banks or banks in process of liquidation. Of this amount, \$1,056,883,720 has been disbursed, and 99.5 percent of that has been repaid.

In addition to the bank loans, the Corporation disbursed \$13,064,631 to the board of deposits of the State of Wisconsin to make funds available to several hundred local governments whose money was tied up in closed or restricted banks. This has all been repaid.

BANKS—CAPITAL

To strengthen the capital structure of the banks of the country, the Corporation has authorized the investment in capital of 6,882 national and State banks in the amount of \$1,345,946,669. Of this \$1,170,296,182 was disbursed to 6,160 banks and over 74 percent has been retired. The Corporation still has \$304,608,600 invested in the capital of 2,261 national and State banks. In addition, the Corporation holds \$174,000,000 preferred stock of the Export-Import Bank.

BUILDING-AND-LOAN ASSOCIATIONS

Loans aggregating \$179,989,560 were authorized to 1,183 building-and-loan associations and receivers of building-and-loan associations to make funds available to shareholders and depositors and to enable receivers to make distributions to depositors and other creditors of the associations without causing extensive foreclosures of homes. Of this, \$140,156,038 was disbursed and 99.6 percent has been repaid.

CREDIT UNIONS

Loans aggregating \$642,968 were made to seven credit unions, all of which have been repaid.

INSURANCE COMPANIES—CAPITAL

The Corporation authorized \$47,150,000 and disbursed \$47,150,000 to 10 fire and casualty insurance companies, of which \$15,565,560 has been repaid.

INSURANCE COMPANIES—LOANS

The Corporation, principally in 1932 and 1933, authorized loans totaling \$104,439,750 to 133 companies to enable them to meet the demands of policyholders. Of this \$90,695,210 was disbursed and 99.7 percent of the amount disbursed has been repaid.

RAILROADS

The Corporation has made railroad commitments aggregating \$1,503,736,360 of which \$573,906,171 was not used because with a Reconstruction Finance Corporation commitment the roads were able to get the money in the usual channels or because their plans were not carried out. A total of \$851,090,175 was disbursed and of this \$538,828,470 has been repaid. These amounts do not include \$200,890,500 of railroad securities taken over from the Public Works Administration, of which \$191,422,999 has been sold or retired.

SELF-LIQUIDATING PROJECTS

The Corporation has authorized loans on 176 self-liquidating projects; that is, projects which pay for themselves principally from the revenues derived from operation of the project, aggregating \$398,873,884. Of this amount, \$339,531,641 was disbursed and of the amount disbursed, \$324,633,284 has been repaid through retirement or sale of the securities evidencing the loans. A premium of \$16,947,121 was realized in the sale or retirement of these securities.

PUBLIC AGENCIES—STATES, MUNICIPALITIES, ETC.

The Corporation has authorized loans to or contracts with States, municipalities, and political subdivisions of States to aid in financing 190 projects authorized under Federal, State, or municipal law aggregating \$407,395,216. Of this amount \$281,052,226 was disbursed and \$255,751,496 has been repaid through retirement or sale of the securities evidencing these loans. A premium of \$3,011,131 was realized in the sale or retirement of these securities.

PURCHASE OF PUBLIC WORKS ADMINISTRATION SECURITIES

The Corporation has purchased from the Federal Emergency Administration of Public Works 3,319 issues of marketable securities having par value of \$694,744,788 of which \$603,512,388 have been retired or sold at a net premium over par of \$14,579,369.

BUSINESS AND INDUSTRY

The Corporation has authorized 12,102 loans or participations aggregating \$738,108,610 not directly related to the war. Banks participated in 3,624 of these loans to the extent of \$80,950,816, making a total of \$819,059,426. In addition, for purposes of national defense and war programs, the Corporation has authorized 10,239 loans or participations, aggregating \$2,019,342,537, including the banks' share of \$106,082,049 in 2,760 loans. This makes a total of 22,341 loans authorized to business aggregating \$2,838,401,963, including 1,229 in the amount of \$39,350,975 for mining and mining development.

AGRICULTURE

To facilitate the exportation of surpluses of agricultural products and their sale in the markets of foreign countries in which such sales could not be financed in the normal course of commerce, the Corporation authorized loans aggregating \$98,445,246 and disbursed \$47,300,826. Of this \$13,537,388 was taken over by the Export-Import Bank and all the remainder has been repaid.

The Corporation authorized loans aggregating \$1,754,712,665 to Commodity Credit Corporation for loans on cotton, corn, turpentine, tobacco, and several other commodities, of which \$767,716,962 was disbursed. Commodity Credit Corporation has retired its indebtedness to the Reconstruction Finance Corporation in full. The Corporation also authorized \$86,061,513 of loans to other borrowers to finance the carrying and orderly marketing of agricultural products, of which \$19,644,492 was disbursed and 99.7 percent of that has been repaid.

The Corporation has made several other classes of loans for the benefit, directly or indirectly, of agriculture. These include \$387,236,000 disbursed to Federal land banks, all of which has been repaid; \$9,250,000 disbursed to Federal intermediate credit banks and all repaid; \$26,194,970 disbursed to joint stock land banks and 98.8 percent repaid; \$12,649,956 disbursed to livestock credit corporations and all repaid; \$173,243,641 disbursed to the regional agricultural credit corporations and all repaid; and \$5,643,618 disbursed to other agricultural credit corporations and all repaid.

The Corporation authorized loans aggregating \$23,500,000 to the Secretary of Agriculture to enable him to acquire cotton, of which \$3,300,000 was used. This has been repaid.

PUBLIC SCHOOL AUTHORITIES

The Corporation disbursed a loan of \$22,300,000 to pay salaries of 15,000 Chicago school teachers. The loan was evidenced by bonds secured by real estate owned by the Chicago Board of Education, all of which were subsequently sold at a premium.

The Corporation authorized 37 loans aggregating \$3,189,050 to tax-supported public school districts or other similar public school authorities; \$957,175 has been disbursed, of which \$633,400 has been repaid.

NATIONAL MORTGAGE ASSOCIATIONS

To assist in the reestablishment of a normal mortgage market and to aid in carrying out the purpose of the National Housing Act, the Corporation acquired and holds all the outstanding capital of the RFC Mortgage Company in the amount of \$25,000,000 and the \$11,000,000 capital and paid-in surplus of the Federal National Mortgage Association. The Corporation also has outstanding loans to these two companies totaling \$125,453,397.

OTHER MORTGAGE LOAN COMPANIES

In addition to the loans it has made to the RFC Mortgage Company, the Federal National Mortgage Association and mortgage loan companies organized to aid in the reorganization or liquidation of banks, the Corporation has authorized loans to privately owned mortgage loan companies to prevent them from failing, most of this in the first 2 or 3 years of the Corporation's existence. The amount of these loans authorized to 233 borrowers was \$355,915,432, of which \$245,130,980 was disbursed. Over 95.5 percent of the amount disbursed has been repaid.

DRAINAGE, LEVEE, AND IRRIGATION DISTRICTS

The Corporation has disbursed \$100,778,038 in loans to or for the benefit of drainage, levee, irrigation, and similar districts for improvement purposes or for refinancing outstanding indebtedness. Repayments total \$62,134,200. By these loans the bonded indebtedness of several hundred districts was reduced 55 percent and the water charges and bond-service assessments by two-thirds.

RURAL ELECTRIFICATION ADMINISTRATION

The Corporation has authorized loans aggregating \$356,500,000 to the Administrator of the Rural Electrification Administration, of which \$281,000,000 was disbursed. These loans are collateralized, with a 15-percent margin, by the loans made by the Administrator secured by mortgage on the projects financed which bring electricity and electrical facilities to rural districts.

FARM TENANCY

In order to enable the Secretary of Agriculture to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act the Corporation has been authorized and directed to loan to the Secretary of Agriculture \$177,500,000, of which \$141,909,000 has been disbursed.

RURAL REHABILITATION

In order to furnish the Secretary of Agriculture with additional funds for the purpose of making rural rehabilitation loans to needy farmers, the Corporation has authorized advances to the Secretary of Agriculture in the amount of \$477,500,000, of which \$456,549,000 has been advanced.

CATASTROPHES

The Corporation has authorized 718 loans, totaling \$16,184,521, to finance the repair, construction, or reconstruction or rehabilitation and for the acquisition of property in replacement of property damaged or destroyed by floods or other catastrophes occurring in 1935 or 1936. Of this, \$12,003,055 was disbursed. \$508,634 is still due from the borrowers.

ELECTRIC HOME AND FARM AUTHORITY

By Executive Order 9256, dated October 13, 1942, the President ordered the cessation of the activities of the Electric Home and Farm Authority, as of October 31, 1942, and transferred to the Reconstruction Finance Corporation for purposes of liquidation and payment of its liabilities, all of its assets, funds, records, contracts, and property. Liquidation is practically complete.

ALLOCATIONS TO OTHER GOVERNMENTAL AGENCIES AND FOR RELIEF

In addition to its lending and investment functions, the Corporation was required by various acts of Congress to allocate funds to other governmental agencies and for relief of distress.

This includes allocations by Congress to the Secretary of the Treasury of \$125,000,000 to capitalize the home loan banks and \$200,000,000 to capitalize the Home Owners' Loan Corporation; \$200,000,000 to the Land Bank Commissioner—later part of the Farm Credit Administration—for loans to farmers and for capital of the Federal Farm Mortgage Corporation and an additional \$100,000,000 to the Land Bank Commissioner for loans to joint stock land banks; \$115,000,000 to the Secretary of Agriculture for crop loans; \$44,500,000 for the capitalization of the regional agricultural credit corporations; \$40,500,000 to the Farm Credit Administration for capitalization of production credit corporations; \$1,800,000,000 for relief; \$97,000,000 for the capital of Commodity Credit Corporation; \$40,000,000 for the capital of the Disaster Loan Corporation; \$97,861,381 advances to the Federal Housing Administrator of amounts necessary to carry out provisions of the National Housing Act; and advances for expenses of the regional agricultural credit corporation.

Pursuant to act of Congress, \$2,784,867,007 of the Corporation's notes held by the Secretary of the Treasury have been canceled on account of disbursements made for such allocations and relief advances.

THE RFC MORTGAGE COMPANY

The RFC Mortgage Company was created in 1935 to assist in the reestablishment of a normal market on urban income-producing property.

From its organization in 1935 the Company has disbursed approximately \$335,400,000 for 63,300 mortgages and loans; has sold or collected 42,700 totaling \$233,200,000 and now has outstanding 20,600 totaling \$102,200,000. Over \$100,000,000 of the amount disbursed may be described as relating to war housing.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

This Association was created in February 1938 to establish a market for Federal Housing Administration insured long-term amortized mortgages and make available the full benefits of the National Housing Act to all who wanted to build new homes.

The Association has disbursed \$271,500,000 for 66,900 mortgages, has sold or collected 51,900 totaling \$219,000,000, and has outstanding 15,000 totaling \$52,500,000.

DISASTER LOAN CORPORATION

This Corporation was organized in February 1937. Its function is to provide loans made necessary by floods or other catastrophes that occur between January 1, 1936, and January 22, 1947.

The Corporation has disbursed 21,000 loans totaling \$31,200,000. Of these 14,500, totaling \$27,300,000, have been repaid and 3,000 active loans, totaling \$3,300,000, remain outstanding.

Secretary JONES. Our operations, our regular operations, include the RFC Mortgage Company, the Federal National Mortgage Association, the Disaster Loan Corporation, and the War Damage Corporation.

We are operating more than 125 plants that are manufacturing this, that, and the other for war work. We are operating five pipe lines, including the Big Inch and the Little Big Inch. We buy every drop of oil that goes into those pipe lines at the oil field, and we sell it again when it gets up into this country.

The plants that we are operating now, through industry, acting as our agents, cost about a billion and a half dollars, and they include steel, magnesium, aluminum, chemical, metal-fabricating plants, floating power plant for the Mississippi-Florida area, gas storage—now that is a nice one, I think you would be interested to know that we buy gas and pump it back into the ground in California, to keep it from going to waste, and then we draw it out again and sell it. That sounds a good deal like lending money on a school of codfish, but we really get it back.

Senator BREWSTER. Mr. Chairman.

The CHAIRMAN. Senator Brewster.

Senator BREWSTER. Have you, Mr. Jones, formulated a plan for the liquidation of the assets, with the object of preserving our traditional economy?

Secretary JONES. It can't be done, because the Congress has passed a law about the disposition of the plants.

Now I am very strongly of the opinion that we ought to keep in stock pile the metals and minerals that we have accumulated for stock piles, that do not decay, because we have drawn very heavily on our own minerals in this country. We have subsidized about 3,400 mines that produce copper and lead and zinc and other things, in order to get the production that we need for the war. Whatever we have of those metals that do not deteriorate, we should, in my opinion, keep, and use them when we have to have them.

As for the plants, they cannot be sold in a hurry. We have some 20 plants that cost an average of one hundred million. We have a few that cost two hundred million. Well, there are not many people that are interested in buying a plant that cost one hundred million. There are not many people interested in buying a plant that cost \$5,000,000. But they should be operated privately to supply employment, probably under lease.

Now we own—we built and own outright—completely integrated plants in the number of about 950, and they cost \$6,000,000,000. We also own about 125 parts of plants, where we have added an addition to another plant. In those cases we either own the land or have a long-term lease. We can lock them up and keep them, or we can sell or lease them.

In selling or leasing our plants, the big plants could be subdivided.

The CHAIRMAN. Could you continue to operate them?

Secretary JONES. You could continue to operate them if you wanted to. Congress can do it; yes.

The CHAIRMAN. I mean under the existing law.

Secretary JONES. I hadn't thought much about that. A great many of our plants are leased to industry, most of them in fact, and those leases expire maybe 6 months after hostilities cease, or for other reasons. It would be very easy for the Government, if they wanted to do it, to continue to operate these plants or to have them operated for the account of the Government. We have now 125 important plants that are being operated now for our account, as I said—some of them on a fee basis and some are operated without a fee, as a patriotic duty, by the operator.

If I may, a good deal has been said about little business, and I would like to talk a little about that, because we are all interested

in it; it is the backbone of this country. It has a pretty hard time to survive against mass production and mass distribution, against the chain stores and large production. But in our war work we have authorized more than 11,000 loans to the little fellow. Three thousand of them have been for \$5,000 or less; 1,700 of them have been for less than \$10,000; 2,400 of them have been for less than \$25,000; 1,500 of them have been for less than \$50,000; and 1,250 for less than \$100,000.

Now, we have made those loans to the little contractor, to the little plant—the fellow who is making a gadget or who has a subcontract. Those loans for war work total \$1,990,000,000. Before the war we made over 12,000 loans and 4,500 were \$5,000 or less each.

We have made 2,884 loans under the provisions of the Murray-Patman Act, aggregating \$64,000,000. And under the same authority we purchased 35,000 items that were covered by that legislation, at a cost of about \$8,000,000. They include automobiles and trucks and oil burners and typewriters, and various and sundry things that were covered in that bill. We have met the requirements, wherever they showed up—electric ranges and sundry things.

In addition to loans to the small fellow, the Defense Plant Corporation has furnished Government-owned machine tools to more than 3,200 small manufacturers on a lease basis. We lease a man a tool or two tools, and he pays rent for them; 1,667 of these were in amounts of less than \$10,000, and only 153 of the 3,200 were for as much as \$100,000. So that the little businessman, the little manufacturer, has had almost whatever he asked for in connection with the war.

Now, right after the outbreak of war we authorized our agencies all over the country to make loans on the spot without referring them to Washington, up to \$100,000 without bank participation and up to \$250,000 with bank participation. If it was more than that, they were instructed to send in a telegram with a recommendation for approval.

Senator BREWSTER. Mr. Jones, may I ask a question?

Senator JONES. Yes.

Senator BREWSTER. You have had this unique experience now in handling both of these jobs. Do you care to express an opinion, either out of that experience as to whether or not you would again think it was wise to undertake both, or whether or not you think a divorce would be well warranted?

Secretary JONES. Well, that depends—I think I must first say “Yes,” I think they should be divorced, and I didn’t want to leave the Federal Loan Agency to get in the Cabinet. I didn’t care anything about that. I thought I was where I could do the best work. But since the President was good enough to appoint me to the Cabinet and Congress was willing for me to hold the two jobs, there we are.

I would like to say this, though. During the war the Department of Commerce has had very little to do except as a service agency for the other departments. As you know, the Department of Commerce includes these various technical bureaus, like the Bureau of Standards and the Weather Bureau and the Coast and Geodetic Survey and the Patent Office, and two or three others, including Civil Aeronautics. That required some time, not a great deal because there we have a fine Administrator and a fine organization. There is not much that I can do, or that any other Secretary of Commerce can do, for the

Weather Bureau or for the Patent Office or these other agencies that are purely technical. They are run by technical men.

We can help them, we can advise with them, and do when they want advice. We kind of keep track of how they are getting along. We help them with their budgets and their legislation, but that is about all there is to it.

Now, so far as promoting business, commerce, during the war, it just hasn't been in the cards, because everything has been war.

Now, we have—and I am going to leave for the record here—a very broad program for the Department of Commerce, post-war. I say "broad," intending it to take care of foreign and domestic commerce, and the many things it can do and information it can give to business and industry. We have talked about it between ourselves, and discussed it, and we have got a nice program. It has been available for a month, and we discussed it; it looks like the proper time to discuss it. But the operations of the Reconstruction Finance Corporation, and all of these various corporations, they are just as much business as General Electric and they ought to be run by businessmen—and I am not looking for the job. I have held the job; I have done it for 13 years; I have been in the trenches for 13 years.

The CHAIRMAN. Have you resigned, Mr. Secretary?

Secretary JONES. I don't know whether I have resigned or not. If you read the newspapers you know about as much as I do about it. I am still working; I will say that.

The CHAIRMAN. You are still working?

Secretary JONES. I am still working.

The CHAIRMAN. You are carrying on all the work of the Department of Commerce as Secretary, are you?

Secretary JONES. Well, we have got an Under Secretary and Assistant Secretary, and another Assistant Secretary, but I am still Secretary, I suppose, officially, until someone else is confirmed.

The CHAIRMAN. Then you are carrying on the Loan Administration?

Secretary JONES. That part of it, I can work for the Reconstruction Finance Corporation as a hired hand and I can take whatever salary they are willing to give me. My big responsibility to the country and to the Congress is to be helpful to the Reconstruction Finance Corporation.

Now, I do not run that organization at all. It has five directors, and they are all good men. I will say this, that of all the corporations that we have, the directors of the R. F. C. are the directors of each corporation, and they meet every day, six times a week. When they are in session, then every corporation is in session, and I do not attend the meetings. If they want my advice or my suggestions, they come and ask for it—I am available—and that is the way it is run. They are good men.

Senator BREWSTER. It is your point, then, that the Secretary of Commerce has not had greatly increased responsibilities incident to the war; that many of the activities have been rather inactive on account of the fact that business and commerce has not required a great deal of cultivation and stimulation incident to that office?

Secretary JONES. No. The purpose was to promote commerce, and there has not been much opportunity to promote commerce all during the war.

Senator BREWSTER. As we approach the end of the war those responsibilities will offer great opportunities?

Secretary JONES. They will.

Senator BREWSTER. And it would be well to have a division of responsibilities, as this act provides?

Secretary JONES. It will.

Senator BURTON. Mr. Jones, did you say that you had the post-war plan with you, or will you file it with the committee?

Secretary JONES. I don't know whether I have it with me.

Senator BURTON. I think it would be well, Mr. Chairman, to have that as a part of the record.

The CHAIRMAN. You may file that with the stenographer.

Secretary JONES. Well, I would like to put it in. I would like also to put in as part of the record this other material that I talked about, about the war work, and also about our R. F. C. In other words, if we are coming to a parting of the ways, I want to make a report to the Congress.

The CHAIRMAN. You put in anything in connection with your remarks that you think you should put in. Hand it to the stenographer and it will be put in the record as part of your remarks.

(The post-war plan referred to is contained in the following letter :)

DECEMBER 15, 1944.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: You have, in recent public utterances, set as goals for the post-war period full employment and increased production, so that we may find work in this country for 60,000,000 persons and maintain a national income approximating \$140,000,000,000.

These stated objectives, in which the Department of Commerce must play a prominent part, prompt me to submit, for your consideration, what we in the Department believe to be essential so that we may carry out your objectives fully and ably. To do so, we must have your full cooperation and that of the Bureau of the Budget.

In the field of foreign trade, the Department of Commerce needs considerable strengthening. It should be authorized to detail men of proven business experience to all of the principal embassies and legations to serve as economic representatives under the direction, of course, of the ambassadors or ministers.

We have, for some time, proposed an enlargement of the Field Service of the Department of Commerce, in order to provide management advice and counsel to business—particularly small business. Our ideas were embodied in S. 356, introduced at the last session by Senator Mead.

It is our conviction that, when the returning veterans and those who have been engaged in war work begin to set up their own business establishments, Government must make available the knowledge and experience it has gained, in order to minimize the mortality rate of such ventures.

The Department of Commerce, in cooperation with the War Department, already has prepared a series of booklets outlining the best practices for the operation of many types of small business establishments.

This program should be implemented by the addition of experienced men to our field offices to provide additional guidance for those who seek to perpetuate private enterprise and individual initiative.

In order that the Commerce Department may be additionally useful in carrying out its statutory functions, there should also be an enlargement in the number of its Assistant Secretaries.

At the present time, we have an Under Secretary and one Assistant Secretary.

The existing Assistant Secretary is, in effect, an Assistant Secretary for Aviation, although not so designated. It would promote efficiency and improve administration if he were to be specifically designated as Assistant Secretary for Aviation.

As you know, the Department's functions include supervision of the Bureau of Standards, the Patent Office, and the President's Patent Planning Commission. These activities are largely in the field of science.

It would be helpful for the Department to have a new Assistant Secretary with scientific background to supervise these activities. He would be particularly effective in promoting greater public use of the excellent facilities of the National Bureau of Standards, especially in the post-war period.

The Bureau of Foreign and Domestic Commerce and the Census Bureau are the two bureaus of the Department of Commerce which can be of the greatest direct service to business.

During the past 4 years much has been done to establish integration and co-operation between these two bureaus.

An Assistant Secretary in charge of Business Service could be very effective in directing the activities of these two bureaus, especially in the field of better service to small business, war workers, and veterans.

The man occupying this position would, in effect, be the Assistant Secretary for Small business suggested at the last session of Congress in S. 833.

There is need, in addition, for an Assistant Secretary in Charge of Administration.

The Department of Commerce has about 30,000 employees and the Reconstruction Finance Corporation about 9,000, stationed in all parts of the United States and in many parts of the world.

Supervision of this great force entails a tremendous amount of detail work. A considerable part of it now occupies the time of the Under Secretary.

The appointment of an Assistant Secretary for Administration would leave the Under Secretary free for special assignments and for operating relations with other departments and agencies—phases of the Department's work that cannot be emphasized too strongly.

I would appreciate the opportunity of discussing this program with you further, with a view of obtaining your approval for the enlargement of the Department's field offices and the creation of the three additional Assistant Secretaries.

Sincerely yours,

JESSE H. JONES,
Secretary of Commerce.

Number of employees

Reconstruction Finance Corporation:

Total employees	9,419
Washington pay roll	5,599
Loan agencies	3,820

Department of Commerce:

Total employees	32,339
Washington pay roll	10,102
Field	22,237

JANUARY 19, 1945.

The PRESIDENT,

The White House.

DEAR MR. PRESIDENT: The Department of Commerce has participated in direct national defense and war activities to a major extent. Some of its bureaus, such as the National Bureau of Standards, Civil Aeronautics Administration, Weather Bureau, Coast and Geodetic Survey, and the National Inventors Council, have become virtual adjuncts of the military establishments; and the remaining bureaus—Bureau of Foreign and Domestic Commerce, Bureau of the Census, Patent Office, and Inland Waterways—have subordinated their normal functions to such an extent that war work has become their dominant concern. The war work of the bureaus of the Department of Commerce has consisted both of activities independent in character and those carried on in cooperation with direct war agencies. This has been so to a very great extent, probably more than is realized.

The Bureau of Standards, for instance, has subordinated all of its peacetime functions to tasks concerned with the production and improvement of military matériel. The Bureau grounds have been declared a prohibited zone by the War Department. It flies the Army-Navy E pennant with two stars. It is, today, one of the largest producers of optical glass, and, through the manufacture of lenses and prisms, provided the armed services with their requirements following the outbreak of the war. Due to this production, the supply of range

finders, gun sights, airplane cameras, and field binoculars has been kept abreast of the demand. Equally important have been the precise scientific tests which the Bureau of Standards conducts in the field of ordnance development, leading in many instances to major improvements in the offensive weapons of the United States.

The Civil Aeronautics Administration's direct contribution to the prosecution of the war consists of the maintenance and operation of the 35,000 miles of Federal airways in the United States and the operation of numerous communication and flight-control facilities outside the United States, including Alaska, the Aleutians, the South Pacific, and points in South America, Africa, and India. The Civil Aeronautics Administration, in addition, has taken over traffic control and certain important airports for the Army and Navy and is operating oceanic aircraft control for Pacific air traffic, which is made up entirely of military aircraft operations.

The Airways Engineering Division of the Civil Aeronautics Administration furnishes and constructs communication facilities for the Army and Navy at many locations outside of the United States, and has accomplished the airport construction program involving airports designated by the military services.

The Civilian Pilot Training Program, inaugurated by the Civil Aeronautics Administration before the war, provided the armed services with 100,000 aviation candidates during the early war days when aviators were in such great demand by the military.

The facilities of the Weather Bureau have been adjusted and expanded to meet a great variety of wartime needs. Special forecasting services have been instituted to facilitate artillery and aircraft tests and to serve Army posts, construction projects, munitions plants, and the Air Transport Command. Military aviation communication networks have been extended to service Army establishments wherever necessary. The Alaskan and Caribbean weather services have been reorganized and improved to meet special military needs. Skilled personnel have been assigned to full-time service details with the armed forces. The Weather Bureau has, through the Joint Meteorological Committee, coordinated the activities of civilian and military requirements.

The Coast and Geodetic Survey has placed its products and services entirely at the disposal of the armed services. The production of nautical charts for use by the Navy and merchant marine has been greatly expanded. The output of aeronautical charts for air navigation and pilot training has been tremendously increased, and many special nautical and aeronautical charts have been added. Geodetic control surveys have been expanded and enlarged, many of them being made in regions classed as "combat areas." Certain vessels of the Coast and Geodetic Survey have been transferred to the Navy Department, and certain personnel to the War and Navy Departments, to constitute a part of the active military or naval forces of the United States. The Philippine charts were produced by this Bureau.

The National Inventors Council was established to aid the defense and war effort. It has served as the screening point for thousands of suggestions submitted by American inventors as of possible use in the war effort. Every idea believed to be of even the slightest merit has been considered by some of the outstanding scientists of the country, and a number of devices extremely useful in the war effort have been developed.

The Bureau of Foreign and Domestic Commerce has served not only the military establishments through providing economic information, but has been a storehouse of facts on which the war agencies have drawn continuously. The factual material on which the War Production Board, the Combined Resources and Allocations Board, the Foreign Economic Administration, the Office of Price Administration, and many others have based most of their major decisions, has been provided by the Bureau of Foreign and Domestic Commerce.

The Bureau of Foreign and Domestic Commerce is the coissuer of the Proclaimed List of Certain Blocked Nationals. Members of the staff serve on dozens of interdepartmental committees directly concerned with the war effort.

The Bureau of the Census provided much of the basic factual data needed for nearly every phase of planning for total war. It has been drawn upon for such statistical material by nearly every other agency of the Government; and the factual material which it was able to supply time and time again disclosed the location of facilities and manpower which would be employed for war production. Procurement agencies, through the assistance of the Bureau of the Census, have been able to obtain both speedy and accurate economic information needed for hundreds of major decisions. From its population

records, the Bureau of the Census was able to establish the citizenship of hundreds of thousands of workers who needed this proof in order to be employed in our plants; and, immediately after Pearl Harbor, was in a position to give the military services the name and residence of all Japanese nationals residing in prescribed west coast areas.

The Patent Office, through the War Division, initiates searches for applications on inventions deemed important by Government war agencies; it determines cases in which secrecy orders shall be issued to protect the interests of the United States under inventions, and determines the withholding of licenses required to file patent applications abroad, to prevent our inventions from reaching unauthorized persons. It has cooperated with the Foreign Economic Administration and the Alien Property Custodian in matters involving enemy-owned patents.

The resources of the Inland Waterways Corporation have been utilized to a great extent for the transportation of critical and strategic matériel needed in the war effort. It has moved without accident, from the Great Lakes to New Orleans, a number of combat vessels which could not go down the rivers under their own power.

I should like to commend the heads of the various bureaus in the Department and their respective organizations. They have all been prompted by a fine sense of patriotism and have done their jobs well.

Sincerely yours,

JESSE H. JONES,
Secretary of Commerce.

The CHAIRMAN. Have you finished your statement?

Secretary JONES. I do not think of anything else. I may later.

The CHAIRMAN. Are there any questions?

Senator McCLELLAN. Mr. Chairman, I would like to ask a question.

The CHAIRMAN. Yes.

Senator McCLELLAN. Mr. Secretary, probably you have covered this, but if so, I did not understand it, and I would like for the record to show the total amount of loans that have been made by the R. F. C. and its subsidiaries since you came into this picture. As I understand, you loan money and it is repaid and goes into a revolving fund and you loan it again. I would like to know the volume of business that has been handled in the 13 years that you have been there.

Secretary JONES. May I put it in the record and get that accurately?

Senator McCLELLAN. I would like for the record to show it.

Secretary JONES. I will be glad to.

Senator McCLELLAN. Thank you.

(The information referred to is as follows:)

Over-all authorizations, disbursements, and repayments of the Reconstruction Finance Corporation and its subsidiaries

AUTHORIZATIONS	
War-----	\$32, 300, 000, 000
Non-war-----	13, 160, 000, 000
Total-----	45, 460, 000, 000
DISBURSEMENTS	
War-----	\$18, 000, 000, 000
Non-war-----	9, 656, 000, 000
Total-----	27, 656, 000, 000

REPAYMENTS

War-----	\$9, 100, 000, 000
Non-war-----	7, 978, 000, 000
Total-----	17, 078, 000, 000

Senator PEPPER. Mr. Jones, following up the inquiries I made of Senator George as to what would be the legal significance of his bill if enacted, did I understand you to say that you have or have not submitted your resignation as the Federal Loan Administrator?

Secretary JONES. Suppose you read my letter to the President?

Senator PEPPER. I read the one purporting to be your letter in the paper here.

Secretary JONES. That is all I can tell you.

Senator PEPPER. Well, you are present here and you know more about it than anybody, and of course we are not as well informed on it as you are. Did you intend to resign as Federal Loan Administrator by that letter?

Secretary JONES. I had supposed that my term of office would expire when my successor was confirmed. That is what I had been advised. It makes little difference to me. I do not expect to remain as Secretary of Commerce, if that is what you have in mind.

Senator PEPPER. I was wondering whether, if this bill were enacted, you would expect to remain as Federal Loan Administrator.

Secretary JONES. That would be up to the President of the United States. I am not seeking a job, Senator.

Senator PEPPER. I was trying to get the technical situation clear, Mr. Secretary. Is there a term of years in the office of Federal Loan Administrator? In other words, were you appointed for a term of years as Federal Loan Administrator, or at the will of the President, or at the will of Congress, or what was your term as Federal Loan Administrator?

Secretary JONES. I do not know, but I doubt if there was a term. I don't know. Is there anybody here that knows? [Laughter.] I don't know, Senator. My impression is that there was no term.

Senator PEPPER. It is your impression that there was not a term?

Secretary JONES. That is my impression, but I might be wrong about that. It was not for so many years; I know that.

Senator PEPPER. According to your own opinion, your opinion is that with respect to the office of Secretary of Commerce you submitted your resignation. Do you regard your resignation as terminating your tenure of that office, by your letter? Did you regard that as the termination of our office as Secretary of Commerce?

Secretary JONES. I regarded that as terminating whenever my successor was appointed and confirmed.

Senator PEPPER. And you have the same view as Federal Loan Administrator; that is, if another Federal Loan Administrator were appointed by the President and confirmed by the Senate, then that would terminate your office as Federal Loan Administrator?

Secretary JONES. Certainly.

Senator PEPPER. And you are continuing to function as Federal Loan Administrator, in that office, and doing business as usual as Federal Loan Administrator?

Secretary JONES. I would think so, and yet there is not much "function" about it. I am an adviser; I am not a dictator. [Applause.] I don't tell these men what to do.

Senator PEPPER. Perhaps you underestimate, through your modesty, your importance.

Secretary JONES. I do not. May I say this—that the power of the Federal Loan Administrator is to supervise and coordinate. You can read into that what you want to read into it.

Senator PEPPER. Mr. Secretary, you spoke about the R. F. C. That is the parent company, as it were, is it not? It is the holding company or the parent company for all these subsidiary corporations?

Secretary JONES. That is correct.

Senator PEPPER. And that has a board of directors?

Secretary JONES. Yes; five.

Senator PEPPER. Would you give us the names of those gentlemen?

Secretary JONES. Yes, sir; I will be glad to. Charles B. Henderson, a Democrat from California—or Nevada, I believe. Sam H. Husbands, from South Carolina. He is a director. Husbands is president of the Defense Plant Corporation. Henderson is president of Metals Reserve Company, as well as a director. Henry Mulligan—H. A. Mulligan—sitting over here—this red-faced Irishman—he is a director, and he is president of the Defense Supplies Corporation. Charles T. Fisher, Jr., a Republican, he is president of the RFC Mortgage Company, and generally handling R. F. C. loans.

Senator PEPPER. Handling R. F. C. loans generally?

Secretary JONES. That is most of his work, as the work is divided up.

Senator PEPPER. Yes.

Secretary JONES. Howard Klossner, a Republican from Minnesota. He is president of the Rubber Reserve Company.

Senator PEPPER. I believe that makes the five.

Secretary JONES. I think maybe he is also president of the War Damage Corporation.

Senator PEPPER. I see. Now, who is chairman of the R. F. C. board of directors?

Secretary JONES. Charles B. Henderson.

Senator PEPPER. What were Mr. Henderson's duties and what was his general background before he came to be a director of the R. F. C.?

Secretary JONES. He was a businessman in Nevada, a banker, interested in mining, et cetra.

Senator PEPPER. What was Mr. Husband's background?

Secretary JONES. Sam Husbands came from South Carolina. He was a small-town banker and a very able young man, one of the best in the world.

Senator PEPPER. When you say "a small-town banker," what size bank do you mean?

Secretary JONES. Well, I don't know what size, but it was a small town in South Carolina, and your judgment would be as good as mine if you want to guess.

Senator PEPPER. What was Mr. Mulligan's background before he came to be a director?

Secretary JONES. Mr. Mulligan was brought into the Corporation by Eugene Meyer, as Chairman, when it was first set up. He was with the old War Finance Corporation.

Senator PEPPER. He was what?

Secretary JONES. He was with the old War Finance Corporation.

Senator PEPPER. Yes.

Secretary JONES. After the last war. He was brought into this Corporation as assistant treasurer and then promoted to treasurer, and finally to a director of the Corporation, and he is the ablest man, in my opinion, in Washington.

Senator PEPPER. He worked himself up. Except for being connected with the War Finance Corporation—in the last war, you mean?

Secretary JONES. What?

Senator PEPPER. You said he was connected with the War Finance Corporation. Did you mean in the last war?

Secretary JONES. Yes, sir.

Senator PEPPER. Then he came into this organization and apparently worked his way up in the organization.

Secretary JONES. Yes, sir. They all did. Mr. Klossner, Mr. Husbands, Mr. Mulligan, Mr. Fisher—they were all workingmen, they were in the organization, and they are all working directors, they are all promoted for merit, not political appointments at all.

Senator PEPPER. What was Mr. Fisher's background?

Secretary JONES. Who?

Senator PEPPER. Mr. Fisher.

Secretary JONES. He was of the Fisher crowd in Detroit. Former Senator Blaine was a Republican member of the Board from that Federal Reserve district, and we cannot have more than one director from any one district, and when Senator Blaine died there was a Republican vacancy. Chick Fisher, then a very young man, was manager for the R. F. C. in Detroit, one of our biggest offices, and we asked the President to appoint him a member of the R. F. C. board and bring him to Washington, upon the theory that we would like to have his field experience sitting around the board in Washington, and he is a very excellent director.

Senator PEPPER. What is Mr. Klossner's background?

Secretary JONES. I would like to say just a little more.

Senator PEPPER. Proceed.

Secretary JONES. He is president now of the National Bank of Detroit, a bank of about a billion and a half deposits, the biggest bank in the midwestern area outside of Chicago.

Senator PEPPER. Did he become president of that bank since he has been connected with the R. F. C.?

Secretary JONES. He was not with us when he became president of the bank.

Senator PEPPER. But he has retained his presidency of a bank while he was a director of the R. F. C.?

Secretary JONES. He is a nonworking president of the bank now.

Senator PEPPER. A nonworking president?

Secretary JONES. He is not working at that job. He is here in Washington, with his family, working for the R. F. C., with a leave of absence, like a lot of other good people in war work.

Senator PEPPER. What was Mr. Klossner's background?

Secretary JONES. Mr. Klossner had been a bank examiner, I think—worked in banks—and I don't know what else, but he was also an examiner in the R. F. C. in 1932, selected by Mr. Eugene Meyer, and

he also grew up and graduated into being a director. He is a working director, and that is the only kind we have; we have no politicians. [Laughter.]

Senator PEPPER. You mean on the board of directors of the R. F. C.?

Secretary JONES. Yes, sir; that is right. I hope I can qualify on that.

Senator PEPPER. I take it, it is the general opinion that you have done your work well. Now, Mr. Jones, those five men whom you emphasized were able to run the R. F. C. practically without your help—did those men have any background or any legislative positions that you would describe as more important than the job of being Secretary of Agriculture?

Secretary JONES. Just exactly what is your purpose there, Senator? [Laughter.]

Senator PEPPER. Maybe I should ask you what the purpose of your original testimony was and your comment upon the kind of persons who would qualify for this position. The point I attempted to imply—and maybe I can clarify it by stating it—was that I regard Mr. Henry Wallace, having been for several years Secretary of Agriculture and having loaned under that agency, while he occupied that position, several billion dollars, and having thousands of employees under his jurisdiction, as having a background which, according to the importance and responsibility of this position, compares favorably with any of the directors of the R. F. C., which is the parent company of that great unit. [Applause.]

The CHAIRMAN. I hope the public will not indulge in any demonstration. Let us have quiet.

Secretary JONES. I might say, to begin with, Senator, that the Commodity Credit Corporation, which loaned most of that money, was created by the R. F. C., and we ran it for 5 or 6 or 7 years. It is a business organization, created by us, and it was run as a business organization. I think it is still being run pretty well.

Senator PEPPER. You are referring to the Commodity Credit Corporation?

Secretary JONES. What?

Senator PEPPER. Are you referring to the Commodity Credit Corporation?

Secretary JONES. That is what I was talking about; yes.

Senator PEPPER. Am I correct in my memory that at one time that Corporation was under the R. F. C. and was later transferred to the Department of Agriculture, while Mr. Henry Wallace was Secretary of Agriculture?

Secretary JONES. That is just what I stated—that we created it ourselves and ran it and made a business out of it—a going business, and successful business.

Senator PEPPER. Is it a fact, as I have heard it said, that the Commodity Credit Corporation lost money either in 1 year or 2 years preceding the transfer and made money the year following its transfer to the Department of Agriculture?

Secretary JONES. If so, it was not due to management.

Senator PEPPER. I am asking, of course, about the fact.

Secretary JONES. What was that?

Senator PEPPER. Whether it made money after it was transferred to the Department of Agriculture and had lost money prior to that.

Secretary JONES. The Commodity Credit Corporation makes loans on commodities at a percentage of their parity price fixed by an act of Congress.

Senator PEPPER. Yes.

Secretary JONES. Thus if it makes money it is not due to the management at all.

Senator PEPPER. I am afraid I missed the point in the testimony here today. I thought the success of the R. F. C. indicated a reflection on your good management.

Secretary JONES. If Congress tells you to lend a dollar a bushel on wheat and then you make money, that is not because of the management of the man who made the loan, it is because Congress told him to lend the dollar a bushel on wheat. That applies to cotton, it applies to corn, and other things.

Senator PEPPER. You do not think, then, that the question of management enters into the making of loans under the Department of Agriculture, but you do think that management did enter into the making of loans when it was under the R. F. C.?

Secretary JONES. The question of management has nothing to do with that type of operation, except as to their routine and other administration. I guess there are a good many loans, all kinds of loans, made by the Commodity Credit. I think it does a lot of things now, a lot of subsidizing, which we did not do when they were with us. But I have no desire, Senator, and I am not trying to compare the directors of the R. F. C., as men, with Secretary Wallace or Mr. Wallace.

The CHAIRMAN. Well, Mr. Jones, the difference is that in this matter of agricultural commodities Congress sets a certain percent of parity, and if there is a loss or if there is a gain it is probably due to some policy of Congress.

Secretary JONES. Yes.

The CHAIRMAN. In the R. F. C., you are the judge.

Secretary JONES. We have the discretion there; I mean the R. F. C. has the discretion as to whom to make a loan and whether to make a loan or not, and in agriculture Congress has the responsibility.

Senator PEPPER. Of course, it is a question of fact as to whether that is true in every case or not.

Secretary JONES. Well, it is a fact.

Senator PEPPER. You did not mean to imply in every case where loans are made under the Department of Agriculture, that discretion was not properly and favorably used by Mr. Henry Wallace when he was Secretary?

Secretary JONES. I do not know enough about the Department of Agriculture. It is a pretty big organization. I do not know all the things they did, I was just speaking of the Commodity Credit.

Senator PEPPER. Mr. Jones, I understood you to say or to make some reference to the fact that there had been a running audit—that you did keep a running audit of these vast expenditures.

Secretary JONES. Yes, sir.

Senator PEPPER. Was that audit made by the R. F. C. or under the Federal Loan Administrator, or the same kind of audit that applies

to other Federal agencies, the audit that the Comptroller General makes, who is the agent of Congress, when he audits the Government accounts?

Secretary JONES. They are made by the R. F. C.; that is, they are made by the certified public accountants.

Senator PEPPER. Engaged by whom?

Secretary JONES. Engaged by the R. F. C.

Senator PEPPER. So you hire the accountants who audit the affairs of the R. F. C.?

Secretary JONES. That is correct.

Senator PEPPER. Is that true of other governmental agencies?

Secretary JONES. Of what?

Senator PEPPER. Is that true of other governmental agencies?

Secretary JONES. I don't know. I think there are some that do the same.

Senator PEPPER. Do you know what agencies?

Secretary JONES. I do not know.

Senator PEPPER. The general practice—I will ask you, from your vast knowledge of the operation of the Government—the general practice is, is it not, that the office of the Comptroller General, answerable to Congress, audits the accounts of other Federal agencies excepting the agencies that generally have been concentrated under your authority?

Secretary JONES. I think there are some others.

Senator PEPPER. You do not recall the names of them, though?

Secretary JONES. I can get them for you, though.

Senator PEPPER. Will you be good enough to get them?

Secretary JONES. I will be glad to.

(The matter referred to is as follows:)

The following appears as appendix B of the Annual Report of the Comptroller General of the United States for the fiscal year ended June 30, 1944 (pp. 87-88):

Analysis of audit control of Government corporations as of June 30, 1944

Name of corporation	Audited by General Accounting Office
American President Lines, Ltd.....	No. ¹
Banks for Cooperatives.....	No.
Central Bank for Cooperatives.....	
District Bank for Cooperatives (12).....	
Cargoes, Inc.....	No. ²
Colonial Mica ³	No.
Commodity Credit Corporation.....	Yes.
Copper Recovery Corporation ³	No.
Defense Homes Corporation.....	No.
Defense Plant Corporation.....	No.
Defense Supplies Corporation.....	No.
Diaster Loan Corporation.....	No.
Electric Home and Farm Authority.....	No. ⁴
Export-Import Bank of Washington.....	Yes.
Farmers' Home Corporation ⁵	
Federal Crop Insurance Corporation.....	Yes.
Federal Deposit Insurance Corporation.....	No.
Federal Farm Mortgage Corporation.....	Yes.
Federal home-loan banks (12).....	No.
Federal intermediate-credit banks (12).....	No.
Federal land banks (12).....	No.
Federal National Mortgage Association.....	No.
Federal Prison Industries, Inc.....	Yes.
Federal Public Housing Authority.....	Yes.

See footnotes at end of table.

Analysis of audit control of Government corporations as of June 30, 1944—Con.

Name of corporation	Audited by General Accounting Office
Federal Savings and Loan Insurance Corporation.....	Yes.
Federal Subsistence Homesteads Corporation ⁶	Yes.
Federal Surplus Commodities Corporation ⁷	Yes. ³
Home Owners' Loan Corporation.....	Yes.
Inland Waterways Corporation.....	No.
Institute of Inter-American Affairs ⁷	Yes. ⁹
Institute of Inter-American Transportation ⁷	Yes. ⁹
Inter-American Educational Foundation, Inc. ⁷	Yes. ⁹
Inter-American Navigation Corporation ⁷	Yes. ⁹
Metals Reserve Company.....	No.
Panama Railroad Company.....	No.
Petroleum Reserves Corporation.....	No.
Prencinradio, Inc. ⁷	Yes. ⁹
Production credit corporations (12).....	No.
Puerto Rico Cement Corporation.....	No. ¹⁰
Reconstruction Finance Corporation.....	No.
RFC Mortgage Company.....	No.
Regional agricultural credit corporations (2), Washington and Minneapolis.....	No.
Rubber Development Corporation.....	No.
Rubber Reserve Company.....	No.
Smaller War Plants Corporation.....	Yes. ¹¹
Smithsonian Institution.....	Yes. ¹³
Steel Recovery Corporation ³	No.
Tennessee Valley Associated Cooperatives, Inc.....	No.
Tennessee Valley Authority.....	Yes.
Textile Foundation, Inc.....	No.
United States Commercial Company.....	No.
United States Housing Corporation ¹³	Yes.
United States Spruce Production Corporation ¹⁴	No.
Virgin Islands Company ¹⁵	Yes.
War Damage Corporation.....	No.
War Emergency Pipe Lines, Inc. ¹⁶	No.
War Hemp Industries, Inc. ¹⁷	No.
War Materials, Inc. ³	No.
Warrior River Terminal Company.....	No.
Welfare and Recreational Association of Public Buildings and Grounds, Inc.....	Yes.

¹ No accounts submitted to General Accounting Office, but books and records examined in connection with Maritime Commission audit.

² By agreement, the General Accounting Office has performed a field audit of the Corporation through Dec. 31, 1943. Accounts for transactions after that date are to be submitted in the regular manner, but none had been received by June 30, 1944.

³ Agent of the Metals Reserve Company (Copper Recovery Corporation, Steel Recovery Corporation, and War Materials, Inc., are no longer in active operation).

⁴ Terminated by Executive order, effective Oct. 31, 1942, and assets transferred to Reconstruction Finance Corporation for liquidation. Transactions subsequent to that date are not audited by the General Accounting Office.

⁵ Never in operation.

⁶ Not now in operation.

⁷ Operated with funds provided by other Government agencies (Inter-American Navigation Corporation is now in liquidation).

⁸ Transactions in which the Corporation is involved are audited by the General Accounting Office to the same extent as transactions of the agencies providing funds to the Corporation.

⁹ In the fiscal year 1944, submission began of accounts covering transactions of the corporations under the jurisdiction of the Coordinator of Inter-American Affairs, from the date of their creation.

¹⁰ In connection with the audit of the Puerto Rico Reconstruction Administration, an audit of the books and records of the Corporation was made in January 1943.

¹¹ Administrative expenses only.

¹² The Federal funds are audited by the General Accounting Office but not the private funds.

¹³ In liquidation.

¹⁴ In liquidation since June 28, 1922.

¹⁵ No direct appropriations have ever been made to this company, since it finances its operations from allocations made from relief appropriations.

¹⁶ Agent of the Defense Supplies Corporation.

¹⁷ Agent of the Commodity Credit Corporation.

Senator PEPPER. As a matter of fact, has not there been considerable question, and in fact hasn't it been recommended by the Byrd Committee on Curtailment of Federal Expenditures, that the accounts under the Federal Loan Administrator, and under the R. F. C.; that is, that the R. F. C. itself be subjected to the audit of the Comptroller General like all other Federal agencies?

Secretary JONES. That is right.

Senator PEPPER. Now, Mr. Jones—

Secretary JONES. Just a minute, please. At the time of those hearings, when that was brought out, your Comptroller General and I worked out an agreement where he was either to do the auditing or he was to employ the auditors. He hasn't the manpower to do the auditing at this time. He says that.

Senator PEPPER. You say you worked out an agreement. Was not there something about some legislation which was being prepared and was to go to the Congress, which would make it a matter of duty and not an agreement on your part?

Secretary JONES. Yes; but only because the Comptroller General felt that even with our consent he had no authority to audit R. F. C. without additional legislation. He prepared the necessary legislation, we approved it and made it available to the Byrd committee. It is available all the time.

Senator PEPPER. By your consent?

Secretary JONES. To other agencies, so delegated by statute, but let me add, you may make this a matter of statute as to R. F. C. if you want to. I did not write the provisions of the original R. F. C. Act which exempted it from the General Accounting Office. I did not write the law. It is my impression, however, that those provisions, like many others in the R. F. C. Act were taken from the War Finance Corporation Act.

Senator PEPPER. The question is whether or not you resisted the law, Mr. Secretary.

Secretary JONES. I do not think I resisted the law at all. How could I resist the law?

Senator PEPPER. That is a matter that you would know better than we, considering all your vast contacts.

Secretary JONES. I do not make the laws, I did not create the laws, I do not resist them, I do my best to administer the laws that come under my administration. In order that there may be no misunderstanding about the manner in which R. F. C. is audited and the position of the Comptroller General about it, I will submit for the record the exchange of correspondence with the Comptroller General as follows:

MAY 12, 1943.

HON. LINDSAY C. WARREN,

Comptroller General of the United States,

Washington, D. C.

DEAR LINDSAY: The Directors of the Reconstruction Finance Corporation have been meticulous about its fiscal policies, including its records, accounting system, and auditing since its organization in February 1932.

In addition to an effective system of internal accounting control in the Corporation's Washington office, its loan agencies, and the Federal Reserve banks which act as its fiscal agents and custodians, the Corporation maintains a competent Audit Division, independent of its financial and accounting operation. The Audit Division is responsible directly to the Board of Directors, and carries on a current internal audit of the Corporation's accounts and records, makes periodic audits of its loan agencies and custodians, and, in addition, makes a comprehensive balance sheet audit at the close of each year.

Further, the Directors of the Corporation, pursuant to its bylaws, obtain annually an independent audit by firms of certified public accountants of national reputation, chosen after competitive bidding and deemed qualified to make an audit of a financial institution of the size and character of the Reconstruction Finance Corporation. Audits in previous years have been made by Haskins & Sells, Arthur Andersen & Co., B. C. Rankin & Co., and Patterson, Teele & Dennis.

The Corporation and its subsidiaries have handled hundreds of thousands of

transactions, involving authorizations in excess of \$30,000,000,000. The Reconstruction Finance Corporation pays its own expenses, including interest on the money it uses, and has operated at a net profit of more than \$300,000,000, after providing a reserve sufficient to cover all losses except those incident to its war activities.

I know of no better auditing procedure than that employed by the Reconstruction Finance Corporation. The chief auditor is a certified public accountant, and has a competent staff of 740 auditors, of whom 110 are certified public accountants.

Notwithstanding that the directors of the Corporation and I are responsible to the Congress for the proper administration of the Corporation's affairs and are satisfied that the accounts and affairs of the Corporation are well and competently audited, if you think it desirable, we would have no objection to the General Accounting Office making an annual postaudit and reporting the same to Congress, provided such audit does not affect the authority or responsibility of the Board of Directors of the Corporation under existing law.

The procedure proposed is as follows:

On or after January 1 of each year, beginning January 1, 1944, a postaudit of the financial transactions of the Corporation for the preceding calendar year may be made by the Comptroller General of the United States, or, at the election of the Comptroller General, by a firm of certified public accountants selected by the Corporation with the approval of the Comptroller General. In either case, the scope and extent of any such audit and the manner in which it is conducted will be governed by generally accepted practices and procedures applied by the public accounting profession in audits of commercial, industrial, and banking institutions. The Corporation shall continue to have sole and final authority to determine the type of books and records which it shall keep and the procedure which it shall follow in the transaction of its corporate business. The board of directors of the Corporation shall be immediately notified in writing of any recommendation developed during the course of any examination. For the purpose of the audit herein provided for, the representatives of the Comptroller General or of the public accounting firm conducting such audit shall have access, during the Corporation's usual business hours, to all books, records, documents, and papers pertinent to such audit, but the Corporation shall retain the custody of all its books, records, documents, and papers. The Comptroller General or the public accounting firm conducting such audit may accept financial reports and other data furnished by fiscal agents or the chief auditor of the Corporation as final verification of all or any part of the Corporation's activities without further audit verification, and may limit the audit to any extent deemed advisable in view of the internal auditing and accounting controls maintained by the Corporation.

The expenses for each such audit, when conducted by the Comptroller General, shall be paid by the Corporation upon receipt of billings approved by the Director of the Bureau of the Budget, and, when conducted by a public accounting firm, shall be paid by the Corporation pursuant to a contract entered into by it with such firm. The expenses for any audit provided for herein shall be considered nonadministrative expenses of the Corporation.

The Comptroller General may make reports to the Congress of any such audit provided for herein together with such comments as he may deem advisable. Copies of any such audit as may be made by a public accounting firm shall be furnished to the Comptroller General for this purpose. Each such report shall cover the regular business year of the Corporation. No such report shall be made to the Congress until the Corporation and the Secretary of Commerce shall have been furnished with copies thereof and shall have had 90 days thereafter, or such part thereof as they may require, to examine such report, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

As used herein the term "Corporation" shall mean each of the following Corporations: Reconstruction Finance Corporation, the RFC Mortgage Company, Federal National Mortgage Association, Rubber Development Corporation, Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company, Rubber Reserve Company, U. S. Commercial Company, War Damage Corporation, and Disaster Loan Corporation, together with any other corporation hereafter created or organized by Reconstruction Finance Corporation pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended.

Nothing herein shall be construed to limit the authority of the board of directors of the Corporation to determine and prescribe the manner in which its

obligations are incurred and its expenses allowed and paid, or to exercise exclusive control over its funds, including, without limitation, their receipt, deposit, and disbursement, and the Corporation shall continue to have exclusive authority to make settlement and adjustment for all claims and demands whatever by the Corporation or against it and all accounts whatever in which the Corporation is concerned, either as debtor or creditor.

If, in your opinion, the added protection afforded by such audits made by you or under your direction is desirable and the foregoing procedure is acceptable, please so indicate.

Very truly yours,

JESSE H. JONES, *Secretary of Commerce.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, May 31, 1943.

The Honorable the SECRETARY OF COMMERCE.

MY DEAR MR. JONES: In your letter to me of May 12, you explained rather fully the careful manner in which the Directors of the Reconstruction Finance Corporation have controlled its fiscal policies, including its records, accounting system, and auditing, since its organization in February 1932. I note that, in addition to an effective system of internal accounting control in its Washington office, its loan agencies, and the Federal Reserve banks which act as its fiscal agents and custodians, the Corporation has maintained an Audit Division responsible directly to the Board of Directors, which makes current internal audits and comprehensive annual audits; and, further, that the directors have obtained annually an independent audit by firms of certified public accountants of national reputation. You ask if, in my opinion, the added protection afforded by such audit made by the General Accounting Office, or under its direction, is desirable and if the procedure outlined in your letter would be acceptable.

I am in agreement generally with the view that the type of audit you suggest would be preferable to the normal Government audit for financial transactions of corporations; also, that it would be desirable to have such an audit of the Reconstruction Finance Corporation and its subsidiary corporations made by, or under the general supervision of, the General Accounting Office.

Briefly, the audit which this office is required to make is based upon the submission by accountable officers of their accounts supported by original documents, which are audited, adjusted, and settled by the General Accounting Office, and the personal liability of said accountable officers to the United States determined by applying the legislative restrictions relating to public funds generally. In the few instances where this office has deviated from this regular procedure, such deviation has been provided by statutes. See in this connection section 9 of the act of May 18, 1933 (48 Stat. 63), as amended, for the audit of the accounts of the Tennessee Valley Authority; the act of February 16, 1938 (52 Stat. 76), as amended, for the Crop Loan Insurance Corporation, and section 207 of the Merchant Marine Act of June 29, 1936, as amended.

As you know, I have recently had for consideration a request, similar to yours, from the Secretary of Agriculture, for the audit of the transactions of the Commodity Credit Corporation. Representatives of this office, in cooperation with representatives of the Department of Agriculture, worked out a plan, whereby the operating accounts of the Commodity Credit Corporation are to be audited "in accordance with the principles applicable to commercial corporate transactions." The authority for, and the general scope of, the audit for Commodity Credit Corporation, are set forth in S. 1103, which was introduced in the Senate by Senator Wagner May 14, 1943, and in H. R. 2725, introduced in the House by Congressman Steagall, May 17, 1943.

The general audit plan as set forth in said bills provides a basic pattern for the audit along commercial lines of the financial transactions of all corporations which operate as agencies of the United States. Since the receipt of your suggestion the type of legislation to provide the authority of the General Accounting Office to make an audit of the accounts of the Reconstruction Finance Corporation and its subsidiaries has been agreed upon between our respective staffs. A draft of the proposed legislation is enclosed. Basically, the suggested legislation retains the fundamental features in the bills relating to the Commodity Credit Corporation now pending in Congress with such changes as are appropriate for the operations of the Reconstruction Finance Corporation. One

important change has been made, however, the enclosed draft of the proposed legislation provides for the audit of the accounts of the Reconstruction Finance Corporation either by the General Accounting Office or by a firm of certified public accountants selected by the Comptroller General. In view of the heavy additional burden which would be imposed upon this office by the proposed legislation, it may be advisable to have such authority at least until qualified personnel can be obtained by this office.

Under section 4 of the Reconstruction Finance Corporation Act, the Directors of the Corporation have the full responsibility and final authority for determining the type of books and records which the Corporation shall keep and the accounting methods and procedures it shall follow in the transaction of its corporate business. The amendment we propose would in no wise limit the present authority of the Directors of the Corporation in these regards.

Please permit me to express to you my sincere appreciation for the fine spirit of cooperation which you have shown in this matter. In an undertaking of the magnitude involved in the audit by this office of the accounts of the Reconstruction Finance Corporation and its subsidiary corporations, there are a number of situations which must be worked out and mutually agreed to in order to secure the results desired. This, I am sure, we can do without impeding the operations of the corporations or infringing upon the responsibilities of their officers and directors.

I was chairman of the House Committee on Accounts when the bill creating the Reconstruction Finance Corporation was considered and passed, and I presided over its consideration in the House. I have since watched its course with the greatest possible interest, and take pleasure in commending you and your associates in the Reconstruction Finance Corporation for the enviable record it has made.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

A BILL To provide for an annual audit of the financial transactions of Reconstruction Finance Corporation and certain subsidiaries and affiliated corporations, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Reconstruction Finance Corporation Act, 47 Stat. 5, as amended, is hereby amended by inserting an "(a)" before the first sentence of section 4 thereof and by adding at the end of such subsection (a) of such section 4 the following new subsections:

"(b) Commencing with the period beginning January 1, 1944, an annual post audit of the financial transactions of the Corporation for the preceding calendar year shall be made by the General Accounting Office or, at the election of the Comptroller General, by a firm of certified public accountants. In either case, the scope and extent of any such audit and the manner in which it shall be conducted shall be governed by generally accepted practices and procedures applied by the public accounting profession in audits of commercial, industrial and banking institutions. For the purpose of the audit herein provided for, the representatives of the General Accounting Office or of the public accounting firm conducting such audit shall have access, during the Corporation's usual business hours, to all books, records, documents and papers pertinent to such audit, but the Corporation shall retain the custody of all its books, records, documents and papers. The General Accounting Office or the public accounting firm conducting such audit may accept financial reports and other data furnished by fiscal agents or the Chief Auditor of the Corporation as final verification of all or any part of the Corporation's activities without further audit verification, and may limit the audit to any extent deemed advisable in view of the internal auditing and accounting controls maintained by the Corporation.

"The expenses for each such audit may be paid by the Corporation upon receipt of billings certified by the Comptroller General and shall be considered non-administrative expenses of the Corporation.

"(c) The Comptroller General shall make a report to the Congress of each such audit but no such report shall be made until the Corporation and the Secretary of Commerce shall have been furnished with copies thereof and shall have had ninety days thereafter, or such part thereof as they may require, to examine such report, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

"(d) Nothing contained in subsections (b) and (c) hereof shall be construed to limit the authority of the board of directors of the Corporation to determine and prescribe the manner in which its obligations are incurred and its expenses allowed and paid, or to exercise exclusive control over its funds, including, without limitation, their receipt, deposit and disbursement, and the Corporation shall continue to have exclusive authority to make settlement and adjustment for all claims and demands whatever by the Corporation or against it and all accounts whatever in which the Corporation is concerned, either as debtor or creditor.

"(e) As used in subsections (b), (c) and (d) of this section, the term 'Corporation' shall mean each of the following corporations: Reconstruction Finance Corporation, The RFC Mortgage Company, Federal National Mortgage Association, Disaster Loan Corporation, Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company, Rubber Reserve Company, Rubber Development Corporation, War Damage Corporation and U. S. Commercial Company, together with any other corporation hereafter created or organized by Reconstruction Finance Corporation pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended."

Senator PEPPER. I understood you to imply, or to state, I mean, that what you had done had been subject to the approval of the President.

Secretary JONES. In war work?

Senator PEPPER. In war work.

Secretary JONES. Yes.

Senator PEPPER. Did you mean each individual loan made had to have the President's approval?

Secretary JONES. No. No.

Senator PEPPER. In what respect did you mean to connect the President's prior approval with your action?

Secretary JONES. Well, we could not buy critical materials without his designating the material and approving the purchase, that is, the purchase of, we will say, lead, or any other critical material. There are probably 150 of them that he has approved.

Senator PEPPER. Does that apply to action taken by the R. F. C., or is that just action taken by the Defense Plant Corporation, or one particular corporation?

Secretary JONES. That is in the law that gave the R. F. C. the right to do these things.

Senator PEPPER. The right to do what things?

Secretary JONES. To buy these materials.

Senator PEPPER. Only the critical materials?

Senator JONES. Building plants as well.

Senator PEPPER. Now, the corporation that builds plants and perhaps aids in war work, that is called the Defense Plant Corporation?

Secretary JONES. Yes.

Senator PEPPER. Is there another corporation that buys critical materials?

Secretary JONES. Yes.

Senator PEPPER. Did the laws creating both of those corporations, if they are created by law independently, did they both provide that you cannot exercise the power provided therein without prior approval of the President?

Secretary JONES. Yes; except at the request of the Federal Loan Administrator and the approval of the President.

Senator PEPPER. Is that in both laws?

Secretary JONES. Yes; the war subsidiaries were all created under the same law.

Senator PEPPER. You mean it relates to all the corporations that are subsidiaries of R. F. C.?

Secretary JONES. That means all of the organizations that were created by the R. F. C. under the authority given in the act signed by the President on June 25, 1940. That law gave the R. F. C. the authority to create corporations, to do these things that we are authorized to do in the act.

Senator PEPPER. Those are wartime corporations?

Secretary JONES. Yes; and those corporations could not be created except with the approval of the President, and they were all created with his approval.

Senator PEPPER. Mr. Secretary—Mr. Jones—

Secretary JONES. Why don't you leave it like you said it?

Senator PEPPER. Beg pardon?

Secretary JONES. Why did you correct yourself?

Senator PEPPER. I did in view of the qualification which you imposed; I thought it was proper to be Secretary; you have to have what I call squatter's sovereignty that you now enjoy.

What I wanted to ask was: As a matter of fact, you are not only strong and able, but a candid man. As a matter of fact, with your knowledge of the duties of the Department of Commerce and the intimate relationship between the performance of those duties and the performance of the duties of Federal Loan Administrator, the real fight, the issue that is really presented here—

Secretary JONES. The what?

Senator PEPPER. I say the issue which is really presented here—and you met it candidly in your original statement, as you meet most everything—the issue here is the question of whether you or Henry Wallace will be Secretary of Commerce and exercise the present duties, powers and prerogatives of that office. One man, whoever he is, if he is competent, can perform the duties of both offices; isn't that right, Mr. Jones?

Secretary JONES. What do you expect me to say to that?

Senator PEPPER. I expect you to give your opinion.

The CHAIRMAN. I suggest you do not give any opinion. That is not pertinent, and I do not think it is fair to Mr. Jones.

Senator PEPPER. That is the whole burden of the testimony that has been given here by Senator George and Mr. Jones. The whole purpose of the bill divides the function of the two on the theory that one man cannot perform both of them, and I am asking a man who has been performing both of them, cannot one man do the job of both.

The CHAIRMAN. You are going beyond that. That is certainly not in contemplation here.

Senator PEPPER. I will reframe the question. Perhaps I can make it more clear, so I shall not deceive the able chairman in the purport of it.

The CHAIRMAN. You are not deceiving me, I will tell you that now.

Senator PEPPER. I hoped I would not. What I meant to ask was: Out of your experience, Mr. Jones, is it not your opinion that these two offices can be administered by one man, assuming the competence of that man, and is it not logical that they should, as closely related as they are, be at least for the time being, operated by one man?

Secretary JONES. If you are trying to ask me if Henry Wallace is qualified for both jobs, I will say "No."

[Applause.]

Senator PEPPER. I knew you would say that.

The CHAIRMAN. Please don't make any demonstration for either side. I assume we are going to adjourn now. I do not want to say anything to be disagreeable, but in order to have order, if there is any further demonstration I will submit the matter to the committee as to what steps to take. Proceed, Mr. Jones.

Secretary JONES. I would like to add: I am not here to testify against Mr. Wallace; I am here to give my opinion and my experience with this organization, with this enormous work. I do not think that the Senator—I think he would make a fine Secretary of Commerce, divorced from the business, but it does not occur to me, Senator, that you would be qualified, from experience, to run all these vast businesses.

I happened to have been—and I am not talking about myself because I am out—I happened to have been in business all of my life, little business too. I have never been in a big corporation. I have had a lumber yard and various and sundry other things, and still have most of them. I am a little businessman, a typical businessman; I know the problems of the little businessman, and I also know the big fellows, and I know how smart they are, and I know the people who come to the R. F. C. to get money are not all entitled to it, and yet they are awfully smart. Men come to us drawing \$100,000 a year salary, maybe, and they talk to our boys who are getting \$6,000 or \$7,000 or \$8,000, and they do not run away with anything. You know, we are the sugar and there is where the flies are. Where the money is, that is where the moochers are, and the moochers have not all been in W. P. A.; they are in business. Men come to us for money who are not entitled to it, and yet they put up a plausible tale, and unless a man is experienced in business he is liable to make a lot of mistakes. I do not mean by that that we have been rigid in our credit. We have not been. We have made 10 times more loans than the Smaller War Plants Corporation. We are making them every day, and have been making them every day, so you cannot accuse us, you cannot accuse the R. F. C., of being rigid in its credit. We have offices all over the country; we have borrowed help. We have a small organization, but where we have an agency we have an advisory committee of local businessmen to help pass on the loans. We get that for nothing. The men are good enough, and have been for 13 years, to sit in with the boys and help the boys and give them their advice, and that is the reason we have been able to operate cheaply.

Senator PEPPER. Mr. Secretary, I want you to observe, and the chairman also, that I reframed my question, and I am asking you whether, out of your experience, one man could properly hold the office of Federal Loan Administrator and Secretary of Commerce, and it was you who diverted from the question in your response.

Secretary JONES. What?

Senator PEPPER. It was you who diverted in your answer from the question. You made a statement as to your opinion about Mr. Wallace, and a comparison between your ability as a businessman to administer the duties of those offices, and at least by innuendo, his

inability to do it. You have met the issue in a candid way, and that is what I want to ask you to do in answering my questions.

Secretary JONES. May I ask to have that repeated? This amplifier here kind of rumbles, it magnifies and rumbles around, and I cannot understand you too well.

(The record was read by the reporter.)

Senator PEPPER. Well, you may divide the question into two parts. The question I asked was whether it was your opinion that a man, assuming his competence, that one man can, in these times, administer the duties of the office of Federal Loan Administrator and the office of Secretary of Commerce?

Secretary JONES. I think that is possible, if you will work long enough, hard enough, and enough hours. I do not believe there is another fellow in the world that will do it except me.

Senator PEPPER. Very well. Now, getting back to the other question, which you touched upon in your answer, do you feel that you have instances and details, or facts at your disposal, which you can disclose to the committee, showing that Mr. Wallace is not, as you said he was not, qualified to perform the duties of that office?

The CHAIRMAN. Mr. Jones, you will not be required to answer that question. That is wholly in your discretion. You were certainly not invited here to come down and express personal opinions about Mr. Wallace.

Senator PEPPER. That is the first thing the witness did when he started his testimony this afternoon, and that is a matter to which the witness returned when I asked him the previous question.

The CHAIRMAN. I submit it to Mr. Jones. If you wish to appeal from it, you can have an appeal. I am telling you I do not want to go into the subject of personal comparisons between Mr. Jones and Mr. Wallace. We have not sent for Mr. Jones for that purpose.

Senator PEPPER. He has made the statement repeatedly throughout the hearing that he did not regard Mr. Wallace as qualified, and we are entitled to know the basis upon which Mr. Jones makes that statement. If he has got any facts to base his opinion on, or possibly a prejudice, we ought to know it.

Secretary JONES. A lack of experience, and there is no prejudice.

Senator PEPPER. That is what we are entitled to know.

Secretary JONES. Well, I have said that.

Senator PEPPER. Well, now, what are the experiences that show his inability to administer the duties of this office, in your opinion?

Secretary JONES. I said the lack of experience.

Senator PEPPER. Very well. Will you tell us what the experiences are, so we can let him have a chance to answer?

Secretary JONES. I do not care to get into an argument with you about it; I am not going to do it, it is not necessary.

Senator PEPPER. Mr. Jones, the easiest thing in the world, to my mind, is to provoke an argument. It is the principle of American jurisprudence when a man is attacked he has an opportunity to answer the attack. You have come here this afternoon and the whole purport of your testimony has been to attack Mr. Wallace as unqualified by lack of experience, as being incompetent, and then being a sort of a dreamer who, to use your language, wants to remake the world. If you think he has got any ideas of dangerous experimentation, as you implied,

I think you used that word, that might endanger the economy of the country, we would profit very much if you would give us the experimentation to which you refer and let the committee have the factual data which you desire to disclose to us.

Secretary JONES. Senator, if you don't say so much I can probably understand you. I cannot understand what you are talking about. I am willing to answer your questions.

Senator PEPPER. You said he was incompetent.

Secretary JONES. I did not say he was incompetent. You are putting words in my mouth here. Stick to the text.

Senator PEPPER. You referred, in your original statement, to the danger to the country of turning over this agency to someone who would conduct dangerous experimentations in that office, or to someone who might want to remake the world, from which statement you drew a response from the audience. Now, I will confine it to those two things. Have you any quotations, have you any official acts on the part of Mr. Wallace, which you disclose to the committee, as a basis for those opinions?

The CHAIRMAN. Mr. Jones, just a minute. The confirmation of Mr. Wallace is not before the committee at the present time, and if we wish to hear from you on his qualifications or he wishes to defend, according to the rules of American jurisprudence, he will come here and defend in the presence of a lawyer of his own selection, so you do not have to answer the question.

Secretary JONES. I did not know the purpose of the question, Senator.

The CHAIRMAN. The witness does not need to answer the question.

Senator PEPPER. I think it is pertinent to the inquiry.

The CHAIRMAN. No; it is not even pertinent to the inquiry.

Senator PEPPER. Upon that statement by the chairman and the witness, there is nothing to do except desist.

Secretary JONES. I will try to answer your questions.

Senator BREWSTER. Mr. Jones—Mr. Secretary, the Senator from Florida inquired about the record of all these other men, but for the purpose of the historical record, and we want to be familiar with all of this, I would like to ask that you put in the record, for future reference, your own record of business experience prior to your taking over those responsibilities. I think that should be in the record.

Secretary JONES. I will be glad to do that. The trouble is it goes too far back, Senator.

The CHAIRMAN. Now, if there is nothing more, it is time to adjourn. We will adjourn until tomorrow morning at 10:30, and I will state that Mr. Wallace need not come down here to testify to his qualifications. I am sure he is going to come down here to testify about this legislation. I have not heard from him, but I expect he will be here, and we will go to work, if he comes down, at 10:30 in the morning.

(The following was submitted for the record:)

COMMERCE DEPARTMENT,
Washington, January 25, 1945.

HON. JOSIAH W. BAILEY,
Chairman, Commerce Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am attaching a break-down of our industrial loans and a copy of an article on the aid Reconstruction Finance Corporation has given to small business, which appeared in the Sunday Star.

It would be appreciated if both of these could be made a part of the record.

Sincerely,

JESSE H. JONES.

*Size of all loans and commitments authorized to business enterprises by the
Reconstruction Finance Corporation through Dec. 31, 1944*

[Excludes loans and commitments to subsidiaries of Reconstruction Finance Corporation, defense homes and Great Britain]

	Number	Percent
\$5,000 and under.....	6,952	31.6
\$5,001 to \$10,000.....	3,414	15.5
\$10,001 to \$25,000.....	4,552	20.7
\$25,001 to \$50,000.....	2,761	12.5
\$50,001 to \$100,000.....	2,121	9.6
\$100,001 to \$200,000.....	1,034	4.7
\$200,001 to \$500,000.....	697	3.2
\$500,001 to \$1,000,000.....	218	1.0
Over \$1,000,000.....	259	1.2
Total.....	22,008	100.0

*Size of loans and commitments authorized to business enterprises for defense
by the Reconstruction Finance Corporation through Dec. 31, 1944*

	Number	Percent
A. ON RATIONED COMMODITIES (INCLUDING PURCHASES)		
\$5,000 and under.....	1,411	38.5
\$5,001 to \$10,000.....	622	17.0
\$10,001 to \$25,000.....	796	21.7
\$25,001 to \$50,000.....	449	12.2
\$50,001 to \$100,000.....	271	7.4
\$100,001 to \$200,000.....	99	2.7
\$200,001 to \$500,000.....	16	.4
\$500,001 to \$1,000,000.....	3	.1
Over \$1,000,000.....		
Total.....	3,667	100.0
B. ALL OTHER—FOR DEFENSE		
\$5,000 and under.....	1,594	21.1
\$5,001 to \$10,000.....	1,077	14.3
\$10,001 to \$25,000.....	1,665	22.1
\$25,001 to \$50,000.....	1,069	14.2
\$50,001 to \$100,000.....	974	12.9
\$100,001 to \$200,000.....	472	6.2
\$200,001 to \$500,000.....	358	4.7
\$500,001 to \$1,000,000.....	144	1.9
Over \$1,000,000.....	196	2.6
Total.....	7,549	100.0
C. GRAND TOTAL—DEFENSE		
\$5,000 and under.....	3,005	26.8
\$5,001 to \$10,000.....	1,699	15.2
\$10,001 to \$25,000.....	2,461	21.9
\$25,001 to \$50,000.....	1,518	13.5
\$50,001 to \$100,000.....	1,245	11.1
\$100,001 to \$200,000.....	571	5.1
\$200,001 to \$500,000.....	374	3.3
\$500,001 to \$1,000,000.....	147	1.3
Over \$1,000,000.....	196	1.8
Total.....	11,216	100.0

Size of loans and commitments authorized to business enterprises except for defense by the Reconstruction Finance Corporation through Dec. 31, 1944

	Number	Percent
\$5,000 and under.....	3,947	36.6
\$5,001 to \$10,000.....	1,715	15.9
\$10,001 to \$25,000.....	2,091	19.4
\$25,001 to \$50,000.....	1,243	11.5
\$50,001 to \$100,000.....	876	8.1
\$100,001 to \$200,000.....	463	4.3
\$200,001 to \$500,000.....	323	3.0
\$500,001 to \$1,000,000.....	71	.6
Over \$1,000,000.....	63	.6
Total.....	10,792	100.0

[Released for morning papers for Thursday, January 18, 1945]

COMMERCE DEPARTMENT,
Washington, January 15, 1945.

To the President and the Congress, reporting on the war activities of the Reconstruction Finance Corporation and its subsidiaries:

June 25, 1940, the President signed Public Law-664, Seventy-sixth Congress, which, among other things, authorized the Reconstruction Finance Corporation, acting through certain subsidiary corporations to be created by it, for purpose of national defense, to build and operate plants and facilities for the manufacture of matériel, and to procure supplies, equipment, etc., and to buy materials declared by the President to be strategic and critical. The act provided that activities of the Reconstruction Finance Corporation under this authority should be undertaken at the request of the Federal Loan Administrator and with the approval of the President.

February 24, 1942, by Executive Order No. 9071, the functions, powers, and duties of the Federal Loan Agency and of the Federal Loan Administrator were transferred to the Department of Commerce to be administered under the direction and supervision of the Secretary of Commerce.

June 28, 1940, 3 days after the act was signed, Rubber Reserve Company and Metals Reserve Company were created by the Reconstruction Finance Corporation primarily for the purpose of buying a stock pile of rubber, tin, and other materials. Later, Rubber Reserve Company established and is operating the synthetic rubber program.

August 22, 1940, Defense Plant Corporation was created by the Reconstruction Finance Corporation primarily to build and operate plants and facilities for the production of war matériel, and to do other things, for our national defense.

August 29, 1940, Defense Supplies Corporation was created by the Reconstruction Finance Corporation to purchase and stock pile strategic and critical materials other than rubber, minerals, and metals, and to do other things necessary to the production and procurement of essential materials.

December 13, 1941, 6 days after Pearl Harbor, the Reconstruction Finance Corporation, at my request and with the approval of the President, created War Damage Corporation to provide reasonable protection against loss of or damage to property resulting from enemy attack, including action taken by the military, naval, or air forces of the United States in resisting enemy attack.

March 26, 1942, United States Commercial Company was created by the Reconstruction Finance Corporation primarily to buy in the foreign markets strategic and critical materials that we needed in the war effort, as well as to prevent the Axis Powers from obtaining them. July 15, 1943, the operations of this Company were, by Executive Order No. 9361, transferred to the Office of Economic Warfare, now the Foreign Economic Administration.

June 30, 1943, Petroleum Reserves Corporation was created by the Reconstruction Finance Corporation for the purpose of acquiring reserves of crude petroleum from sources outside the United States. July 15, 1943, the operations of this Corporation were, by Executive Order No. 9361, transferred to the Office of Economic Warfare, now the Foreign Economic Administration.

February 1943, at the request of the Rubber Director, we separated the development and procurement of natural rubber in this hemisphere from Rubber Reserve Company and carried on that operation through Rubber Development Corporation, another subsidiary of the Reconstruction Finance Corporation.

July 15, 1943, this Corporation was, by Executive Order No. 9361, transferred to the Office of Economic Warfare, now the Foreign Economic Administration, and now handles all natural-rubber procurement in foreign countries.

From time to time, by Executive order, the President has placed the responsibility for determining the production or procurement necessary for war purposes in agencies other than the Reconstruction Finance Corporation. Consequently, the construction of the Reconstruction Finance Corporation war plants and projects and the production and procurement of materials have been at the request of other departments charged with the procurement and production of war matériel.

Authorizations by these subsidiary corporations, together with the Reconstruction Finance Corporation direct commitments for war purposes of approximately \$2,600,000,000, have amounted in round numbers to \$32,300,000,000. Disbursements have been in excess of \$18,000,000,000. Repayments of loans and advances, collections of rentals and part payments on plants and equipment, and proceeds of sales of materials, etc., have been approximately \$9,100,000,000. The disbursement figure includes \$1,400,000,000 for direct subsidy payments, under section 2 (e) of the Emergency Price Control Act of 1942, as amended, to increase or maintain production of materials defined by the President to be strategic or critical, but this latter figure does not include losses arising from the purchase and sale of such materials.

We have built plants, shipyards, pipe lines, etc., bought and sold equipment and materials, paid subsidies, etc., at the request of the War, Navy, and State Departments, the Maritime Commission, War Production Board, and its predecessors, Supply Priorities and Allocations Board and Office of Production Management, the Office of the Rubber Director, the Petroleum Administration for War, Solid Fuels Administration for War, the Office of Defense Transportation, Office of Price Administration, War Food Administration, Board of Economic Warfare, Foreign Economic Administration, Office of Economic Stabilization, Office of War Mobilization, and the Office of War Mobilization and Reconversion.

All these vast operations, which have been vital to our national defense and the prosecution of the war, could only have been accomplished by the prompt and unflinching cooperation which the Reconstruction Finance Corporation and its subsidiaries have given other Government agencies responsible for war production and procurement.

A summary of these operations is attached.

JESSE H. JONES, *Secretary of Commerce.*

RUBBER RESERVE COMPANY

Rubber Reserve Company's production of synthetic rubber has been approximately 1,000,000 long tons, 737,000 tons of which were manufactured in 1944. In addition to Government plants, private industry produced 26,000 long tons in 1944. Our synthetic rubber plants are capable of producing at least 1,000,000 long tons of synthetic rubber a year, if necessary. Forty-seven chemical, petroleum, rubber, and industrial companies are operating the plants for account of Rubber Reserve Company.

Some small plants for the production of synthetic rubber were first authorized early in 1941. Immediately after Pearl Harbor the program was increased to an annual capacity in excess of 400,000 tons, and after the fall of Singapore, was further increased to its present capacity. The Rubber Director made relatively few changes in the program which had been developed and authorized by Rubber Reserve Company prior to the appointment of the Rubber Survey Committee in August 1942.

The development of this vital new industry in the emergency is a credit to the ingenuity and enterprise of American business.

In addition to the production of synthetic rubber, the plants have produced more than 25,000,000 gallons of ethylbenzene and approximately 4,000,000 gallons of cumene used in the manufacture of aviation gasoline.

Including the rubber trade, rubber importations since early 1940 to the present time have been more than 2,280,000 long tons. Rubber Reserve Company's importations of natural rubber, including 83,000 tons bought from Commodity Credit Corporation, have been 930,000 long tons, 116,000 tons of which were received in 1944.

From June 1942 to January 1, 1944, Rubber Reserve Company was the sole buyer and seller of scrap rubber. In that period it purchased a little more than 1,100,000 short tons, 920,000 tons of which have been sold.

We have invested something over \$700,000,000 in plants and facilities for the manufacture of synthetic rubber.

Prior to the war, natural rubber was costing from 18 to 20 cents a pound. Synthetic rubber is being produced in some of our plants at less than these figures, and some in the industry feel that synthetic can be produced in competition with natural rubber. Our cost for 1944, exclusive of plant amortization, was approximately 33 cents a pound, due to the fact that more than 60 percent of the rubber was made from high-priced alcohol instead of petroleum.

METALS RESERVE COMPANY

The Reconstruction Finance Corporation, through Metals Reserve Company has made total commitments for the purchase of strategic and critical minerals and metals aggregating \$5,174,000,000. Of this amount \$2,150,000,000 has been disbursed, and \$2,149,000,000 canceled or assigned to industry or the Foreign Economic Administration.

Sales of these materials have been principally to industries engaged in war production, and have amounted to \$1,313,000,000.

Stock piles on hand cost \$538,600,000, and, in addition, the Company has assets largely in the nature of advances to contractors, other receivables, and mining equipment and supplies in the amount of \$67,800,000.

Losses through sale of materials within Office of Price Administration ceiling prices have been \$26,500,000. A great many of the materials have been bought at more than ceiling prices.

Losses through subsidizing domestic production of copper, lead, and zinc from marginal mines have aggregated \$162,800,000. Premium payments under this subsidy have been made in connection with the production of 3,493 separate mines.

Purchases have covered 50 different critical materials, and have come from 51 foreign countries, 38 States in the United States, Alaska, and the Philippines.

Purchases were begun in 1940, well before Pearl Harbor, and have continued throughout the war.

The objectives of Metals Reserve Company have been the purchase and production of metals and minerals for use in our national defense, and in prosecution of the war.

Figures in the foregoing summary are substantially as of December 31, 1944.

DEFENSE PLANT CORPORATION

The Reconstruction Finance Corporation, through Defense Plant Corporation, has made commitments for war plants, facilities, and machine tools aggregating \$10,704,935,000. Of this total \$757,656,000 has been canceled and \$7,177,700,000 disbursed.

The total figure includes pool order commitments for machine tools aggregating \$1,985,000,000. These orders are issued to insure the machine-tool manufacturer a market for his product and, as the tools are sold by the manufacturer, our obligation ceases.

We have only been required to buy tools under these orders aggregating \$4,912,000, and our outstanding commitments at this time are only \$33,271,000. However, we have an informal request now from War Production Board to issue new pool orders in a substantial amount, to be handled in the same manner.

In addition to the pool orders, machine tools have been supplied to 1,007 contractors in the amount of \$1,087,000,000, the contractors paying a fixed rental.

Total commitments include 920 complete, integrated plants wholly owned by Defense Plant Corporation, in the amount of \$6,055,000,000; and the expansion of 122 existing privately owned plants in the amount of \$740,000,000. These expansions are wholly owned by Defense Plant Corporation and are located on land owned by it or held under long-term lease.

The over-all commitments include—

Five hundred and seventy-four for aircraft facilities in the amount of \$3,100,000,000.

One hundred and eighty-three for steel and pig-iron facilities in the amount of \$1,023,000,000.

One hundred and sixty-one for chemical facilities in the amount of \$119,000,000.

One hundred and fifty-six for machine-tool facilities in the amount of \$80,000,000.

Ninety-seven for aluminum facilities in the amount of \$812,000,000.

Ninety-two for ordnance facilities in the amount of \$356,000,000.

Fifty-seven for synthetic-rubber manufacturing facilities in the amount of \$715,000,000.

Fifty for other rubber-manufacturing facilities necessary in the war effort in the amount of \$115,000,000.

Fifty-two for magnesium facilities in the amount of \$453,000,000.

Thirty-eight for aviation gasoline facilities in the amount of \$245,000,000.

Six for pipe lines in the amount of \$189,000,000.

Two hundred and forty-seven plants aggregating \$3,100,000,000 are leased to operators at an annual rental of \$1 a year. In these plants no charge is made to the Government procurement agency for plants or plant facilities in the supply contracts. In the remaining 1,858 projects, in the amount of \$4,900,000,000, rentals have been collected aggregating \$422,000,000.

The plants and projects are located in 46 States, and each was undertaken at the request of the War or Navy Department, Maritime Commission, War Production Board, or other agency having responsibility for the procurement of war matériel.

Recently a number of facilities that had finished their war work were transferred to new operators for other emergency war production.

The distribution of plants and projects by States follows:

State	Plants and projects	Commitment	State	Plants and projects	Commitment
Alabama.....	16	\$73,733,000	Nevada.....	5	\$150,259,000
Arizona.....	16	98,402,000	New Hampshire.....	3	2,521,000
Arkansas.....	12	88,853,000	New Jersey.....	132	298,337,000
California.....	120	323,206,000	New Mexico.....	4	5,208,000
Colorado.....	5	6,235,000	New York.....	166	577,542,000
Connecticut.....	63	152,866,000	North Carolina.....	9	13,420,000
Delaware.....	7	3,383,000	Ohio.....	232	778,515,000
District of Columbia.....	3	4,850,000	Oklahoma.....	20	46,985,000
Florida.....	14	16,008,000	Oregon.....	26	13,019,000
Georgia.....	11	4,279,000	Pennsylvania.....	172	581,663,000
Idaho.....	1	225,000	Rhode Island.....	13	6,937,000
Illinois.....	132	695,679,000	South Carolina.....	11	8,050,000
Indiana.....	84	507,485,000	Tennessee.....	23	47,545,000
Iowa.....	20	14,999,000	Texas.....	92	647,080,000
Kansas.....	10	44,544,000	Utah.....	18	248,601,000
Kentucky.....	56	161,432,000	Vermont.....	6	4,126,000
Louisiana.....	27	232,816,000	Virginia.....	10	16,553,000
Maine.....	2	352,000	Washington.....	30	149,068,000
Maryland.....	42	72,598,000	West Virginia.....	12	93,093,000
Massachusetts.....	71	94,901,000	Wisconsin.....	56	171,463,000
Michigan.....	209	808,000,000	Wyoming.....	4	12,899,000
Minnesota.....	27	29,376,000	Facilities in more than 1 State: Pipe lines, etc.....	60	398,268,000
Mississippi.....	5	1,620,000			
Missouri.....	32	161,808,000			
Montana.....	3	12,478,000			
Nebraska.....	6	28,125,000	Total.....	2,098	7,939,465,000

Commitments for facilities to produce critical and strategic materials in foreign countries have aggregated \$42,714,850. They include the production of copper in Chile, nickel in Cuba, vanadium concentrates in Peru, peat in Canada, fluorspar in Newfoundland, and balsa wood in Ecuador.

The figures throughout are substantially as of December 31, 1944.

DEFENSE SUPPLIES CORPORATION

The Reconstruction Finance Corporation, through Defense Supplies Corporation, had authorized total expenditures in the war effort aggregating \$10,350,000,000, of which \$800,000,000 has been canceled or assumed by private industry.

The Corporation's operations include the purchase of strategic and critical materials, the payment of extraordinary transportation costs on oil, coal, and sugar, loans and advances to contractors in connection with the purchase of materials, the payment of subsidies and other activities made necessary by the war. Disbursements for such purposes have been \$5,200,000,000. Receipts from the sale of materials, repayments of loans and advances, et cetera, have totaled \$3,600,000,000.

The operation includes, but is not limited to, commitments for the following purchases:

Aviation gasoline-----	\$2, 976, 000, 000
Alcohol-----	832, 400, 000
Sugar and molasses-----	355, 200, 000
Burlap-----	206, 500, 000
Fibers-----	2, 0, 000 000
Wool-----	120, 700, 000
Tires and tubes-----	83, 000, 000
Nitrate of soda-----	40, 300, 000
Benzol-----	31, 200, 000
Silk-----	27, 700, 000
Calcium carbide-----	28, 200, 000
Cotton fabrics-----	24, 300, 000
Shellac-----	23, 000, 000

and a great many other items.

Aviation gasoline is resold to the War and Navy Departments. The alcohol is used principally for the manufacture of synthetic rubber, and the molasses is converted into alcohol for this use. Substantially all purchases are resold for use in the manufacture of war material.

The principal subsidies are on meat, butter, flour, crude oil from stripper wells, aluminum rod and bar, wood pulp, and extraordinary transportation costs. Subsidy payments through December 31, 1944, on meat were approximately \$65,900,000; on butter \$117,000,000; and on flour \$86,100,000. Subsidy payments on the production of crude oil from stripper wells only began August 1, 1941, and total payments through December 31, 1944, are approximately \$11,300,000. However, all claims have not been paid.

Payment of extraordinary transportation costs includes the movement of petroleum and petroleum products from the midwestern and the southwestern sections of the United States to the eastern seaboard at a net cost of \$297,400,000; the movement of crude oil from Texas and Louisiana to midwestern refineries at a net cost of \$4,000,000; the transportation of coal by rail to the New York and New England area at an approximate cost of \$39,400,000; and the transportation of sugar from the western section of the United States to the eastern seaboard at an approximate cost of \$25,000,000.

Loans and advances have been made principally in connection with the construction of facilities for the production of 100-octane aviation gasoline. The Corporation has disbursed on loans and advances for this purpose \$190,400,000. Repayments have aggregated \$84,400,000.

In addition, the Corporation in September 1941 agreed to purchase materials from the Soviet Union aggregating \$100,000,000, and advanced \$49,700,000 against the future delivery of such materials. To date the Soviet Union has delivered materials on this contract to the value of \$25,200,000 as payment on the advances.

To enable the Army Exchange Service to establish post exchanges speedily in all locations where troops were sent, the Corporation authorized loans aggregating \$91,000,000 against which disbursements were made in the total amount of \$71,153,000. All of these advances have been repaid from operations of the post exchanges.

Other activities of the Corporation include the elimination of Axis control of Latin-American airlines and bringing citizens of other American republics to the United States for training as aviation pilots and technicians.

An important activity is the operation of the various Government-owned pipe lines for the transportation of petroleum and petroleum products. The Corporation has expended \$438,200,000 for the purchase of petroleum and petroleum products and in operating the lines. Receipts from the sale of the oils and operations of the lines have totaled \$505,700,000.

The pipe lines are being operated for account of Defense Supplies Corporation, and at very substantial profits.

The figures in the foregoing are substantially as of December 31, 1944.

WAR DAMAGE CORPORATION

The War Damage Corporation has issued over 6,500,000 insurance policies and 2,200,000 renewals against loss resulting from enemy attack or action of American forces in resisting enemy attack.

War Damage Corporation has utilized in its operations the facilities of 546 fire-insurance companies and 88 casualty-insurance companies, their branch offices, and their agency forces.

The Corporation's maximum insurance liability has been \$140,000,000,000, including \$3,500,000,000 on money and securities. It has collected \$223,987,000 net premiums.

The Corporation has paid \$323,800 for losses resulting from enemy action occurring prior to July 1, 1942. No premiums were charged prior to July 1, 1942.

March 31, 1944, War Damage Corporation announced that all war-damage insurance policies in force on that date would be automatically extended for an additional term of 12 months beginning with the respective dates of expiration, without the payment of any additional premiums.

The facilities of the Corporation continue to be available for issuance of new policies. Reserves on hand from the collection of premiums should be sufficient to cover all damages except those in the Philippines.

UNITED STATES COMMERCIAL COMPANY

The Executive order which transferred United States Commercial Company to the Foreign Economic Administration provided that Reconstruction Finance Corporation should furnish the funds necessary in its operations.

The Reconstruction Finance Corporation has authorized loans to United States Commercial aggregating \$1,000,000,000 of which \$335,600,000 has been disbursed. Repayments total \$323,700,000.

PETROLEUM RESERVES CORPORATION

The Executive order which transferred Petroleum Reserves Corporation to the Foreign Economic Administration provided that Reconstruction Finance Corporation should furnish the funds necessary in its operations.

The Reconstruction Finance Corporation has authorized loans to Petroleum Reserves Corporation in the amount of \$1,000,000, and made a further conditional commitment of \$20,000,000.

Of the loans authorized, \$100,000 has been disbursed, and the balance of all loan authorizations and commitments to Petroleum Reserves Corporation have been canceled or deferred.

RUBBER DEVELOPMENT CORPORATION

The Executive order which transferred Rubber Development Corporation to the Foreign Economic Administration provided that Reconstruction Finance Corporation should furnish the funds necessary in its operations.

The Reconstruction Finance Corporation has authorized loans to Rubber Development Corporation aggregating \$150,000,000 of which \$130,400,000 has been disbursed. Repayments from the sale of rubber to Rubber Reserve Company have been \$76,800,000.

[From the Sunday Star, January 7, 1945]

THE RECONSTRUCTION FINANCE CORPORATION GIVES AID TO LITTLE BUSINESS SEEKS TO REVERSE MORTALITY TREND RESULTING FROM WAR

(By Jesse H. Jones)

Little business operates on the commercial frontier of the United States. In that field lie the risks and adventure, but also the hopes and profits of individual initiative.

The forces arrayed against little business are not those the early settlers faced as they moved West, but they are no less real. Competition, depressions, and wars create many hurdles for little business, frequently too many for the man or woman imbued with the laudable desire to be his or her own boss.

Because the impact of war imposes the most severe strain little business has had to face, its problems and how little business can best be encouraged and protected in our day of mass production and distribution are of great concern.

EARLY WAR MORTALITY HIGH

When the United States first entered World War II, and for many months thereafter, the mortality rate among little businesses was high. There are many failures in this category during more normal years, but, over a long period of time, new ventures have exceeded those which have found the going too rough. After we became involved in the war, this trend was reversed. The establishment of new businesses failed to equal those which closed their doors, and between 1939 through 1943 the net decline in the number of business establishments—large and small—totaled 536,400, an average of more than 1,100 in each of the 48 States.

At the present time, the decline appears to have been checked and the number of little businesses in operation is remaining fairly constant. The year 1944 may even show a slight increase. We are at the point from which we must go forward if small business enterprises are to survive.

We in the Department of Commerce and the Reconstruction Finance Corporation have not only had actual private experience in little business, but a great deal of experience in the relationship between Government and little business. The personnel of the Reconstruction Finance Corporation, including its directors and other executives, have spent their entire lives in business—small business. Executives and experts in the Department of Commerce are also experienced in small business.

NO EXACT FORMULA

We know little business, its problems and its difficulties. There is no exact formula for defining little business.

The man who operates a shoeshine stand, an independent drug store or corner grocery is certainly a little businessman, but there are little businessmen in the steel industry, in the field of automobile manufacturing, in the production of tobacco products, the operation of hotels, restaurants, radio stations, and many other lines.

Suppose we say that any business which needs financing up to \$100,000 is regarded a small business and for the purpose of this discussion, that figure is probably as accurate a measure as we can arrive at.

The Reconstruction Finance Corporation has made more than 19,500 individual loans in this category, but if \$100,000 strikes you as being a lot of money, the Reconstruction Finance Corporation has made approximately 7,000 loans under \$5,000, 3,400 loans between \$5,000 and \$10,000, and 4,500 loans between \$10,000 and \$25,000.

It has actually disbursed \$1,008,675,948 to business institutions in the 10 years in which it has possessed the authority to make business loans. It has made more than 22,000 such loans—some in every State of the Union. The fact that we have made and offered to make business loans, both directly and in cooperation with banks, has made credit available to thousands of independent businesses on terms that they could hope to meet—and usually do meet—loans on terms that banks have heretofore, for one reason or another, been reluctant to make. This reluctance was due in some cases to banking laws or customs against long-time loans and many times because the loan did not appear to be a risk that the bank could take.

MANY SAVED FROM FAILURE

These figures and facts demonstrate that the Reconstruction Finance Corporation has appreciated the importance of little business to our economy and has been active in making credit available for it. Our experience in making these loans has demonstrated that with proper attention, encouragement, and advice many small businesses that otherwise would have failed have survived.

The Reconstruction Finance Corporation has not competed with private lending institutions, but has cooperated with them. It has made many loans that the banks did not feel justified in making and has taken participations in 5,000 loans made by banks, the Reconstruction Finance Corporation's participation running as high as 90 percent of the loan, the bank making and servicing the loan. The Reconstruction Finance Corporation's experience in making industrial loans has clearly shown that, had the banks been energetic enough and taken the trouble to make the loans and nurse some of them, they could all have been made. This is proven by the fact that the Reconstruction Finance Corporation's losses on such loans have averaged less than 1 percent. This percentage of loss can be taken from a reasonable rate of interest and still leave a proper profit for the

bank. After all, money lending is much like insurance. Rates can be adjusted to fit the approximate risk.

Few, if any, private institutions, which skim the cream off the loan field, have a better record and few have worked as hard as the Reconstruction Finance Corporation to make such loans. This is demonstrated by the fact that in hundreds of cases, after Reconstruction Finance Corporation examiners and officials have reset the financial structure of some small business, local bankers have decided that the loan which they had turned down, because of the risk, was really a loan that the bank should make.

BOOM FOR SMALL PLANT

There has always been romance in American business, and there has been plenty of it in the record of Reconstruction Finance Corporation loans to business.

Consider the small machine shop in Miami with a book value of \$32,280, which, before the war, made fishing tackle. Its biggest year, 1940, resulted in sales of \$40,000.

With the outbreak of the war, the proprietors conceived the idea of using their equipment for the manufacture of aircraft parts.

On August 8, 1941, the Reconstruction Finance Corporation made a loan of \$20,000 to provide working capital for the first contract. An additional \$25,000 was authorized in November of that year and, by April of 1942, contracts which the company had obtained justified a loan of \$600,000.

To date, the loans which have been authorized to this little company aggregate \$8,463,000 and only \$568,000 is outstanding as unpaid.

Or consider, if you will, the \$7,500 loan made in 1938 to a man and his wife who were in the grocery business in Washington. At the time the money was advanced, their profits were not sufficient to meet the payments on their store fixtures.

Today, they owe the Reconstruction Finance Corporation only a few dollars. Their life savings have been protected and they, themselves, with several helpers, have been kept at work.

Out in Spokane, Wash., a loan, amounting to only \$2,800, assisted a woman in establishing a small drug store in 1939. She has been kept in business and her loan has been substantially repaid.

AID FOR TELEPHONE COMPANY

The residents of Whiteville, N. C., are dependent upon a small independent telephone company for service. The financial picture of this company in June, 1938, was discouraging. The Reconstruction Finance Corporation authorized a loan of \$12,500, which made possible expansion of service. The company has shown a very much improved earnings record and the loan has been almost entirely repaid.

A woman in Demopolis, Ala., needed assistance in 1939 for the installation of a cold storage locker plant. The Reconstruction Finance Corporation advanced her \$7,000. The plant has been successfully operated and the proprietor has had no difficulty in meeting her payments.

Out in Helena, Mont., a small oil and gas company needed funds to save its business. The Reconstruction Finance Corporation made \$25,000 available to it in 1943 and its business was saved.

At Newborn, Ga., a man was making wooden slat blinds in 1938 when he was faced with disaster for lack of working capital. The Reconstruction Finance Corporation made a \$1,600 loan, which had not been entirely repaid when the war forced a discontinuance of the business.

The borrower did not give up. He is making his repayments from wages as a machinist in a war plant and expects to reopen his shade business after the war.

Fittstown, Okla., is supplied with electric power by a small local company.

FISH COMPANY SAVED

In December 1941 the Reconstruction Finance Corporation made a loan of \$15,000 to it to pay a mortgage, install new facilities, and provide working capital.

The loan put the company in good shape and enabled it to provide additional badly needed facilities. The company is succeeding.

In Nanticoke, Md., there is a small fishing company that has been in business since 1917.

It found the going rough in 1942 and obtained a \$1,900 loan from the Reconstruction Finance Corporation.

It needed \$275 more in May 1943, which it got.

The company has been able to stay in business, thereby providing employment and badly needed food products.

We are inclined to think of shipbuilding in terms of such companies as those operated by Henry Kaiser, Todd Shipbuilding Co., Newport News Ship, Bethlehem, Cramps, and New York Shipbuilding—all of which are tremendous operations.

But we in the Reconstruction Finance Corporation have knowledge of others.

Take, as an example, the small shipbuilding and repair yard in Seattle, which needed to install additional facilities to participate in the war effort.

The Reconstruction Finance Corporation, in August 1941, took a 70 percent participation in a loan of \$150,000 made by a local bank, the bank taking the other 30 percent and servicing the loan.

TERMS TO BANDOLEERS

This was only the beginning. Since that time, the Reconstruction Finance Corporation has cooperated with a local bank in loans aggregating \$23,534,000, and the company has assisted materially in the construction program of the Navy Department.

The present outstanding balance is only \$775,000.

A small fern-packing firm in Florida faced difficulties, because it could no longer obtain boxes to ship its products.

It decided it could make bandoleers if it could obtain the necessary financing.

The Reconstruction Finance Corporation provided it, and a small plant employing 40 to 50 persons was kept in operation.

These few typical loans are only examples of thousands of others like them, which the Reconstruction Finance Corporation has made.

The record of the past is, however, mainly useful as a signpost for the future—a future which for the present can be devoted only to an all-out war effort, but which on a day we cannot now foretell will bring peace to the world and provide opportunities for thousands of little businesses.

With the coming of peace, there will be many opportunities in the field of small business and many men and women anxious to challenge the opportunity. A great many men now in the service will want to go back to their former jobs or businesses, but many will want to try their own wings. They have been risking their lives to preserve freedom and our way of life and may want a business of their own, however small. They must have that chance, and it will be small business. Estimates made by experts in the Department of Commerce indicate that the war has created a deficiency of 270,000 small businesses in the field of retail distribution alone.

STORES SUFFERED MOST

The net change in the number of firms in retailing is particularly important since the number of businesses in retailing account for nearly half of all enterprises.

War-time casualties, particularly including grocery stores, eating and drinking places, and filling stations, but many small manufacturers were put out of business in the early years of the war. Some of these were later given orders which enabled them to start up again. Relative to the total number of various types of retail stores in existence at the end of 1941, household appliance and radio stores, meat and seafood markets, automobile dealers, filling stations, and shoe stores suffered most severely. In each of these lines, there was a net decline during 1942-43 of a fourth or more of the number of stores operating at the end of 1941.

In retailing, as in all other industry groups, roughly nine-tenths of all business discontinuances occur among firms employing fewer than 4 workers. This proportion has remained relatively constant throughout the 4-year period, 1940-43. About nine-tenths of all new enterprises also hire less than 4 workers, but the proportion has tended to decline during the war years. The net decline in the number of businesses has therefore, been greater among small (i. e., those with less than 4 employees than among large firms.

There will be plenty of released veterans and discharged war workers to fill this gap and more. We must, in fact, if we are to achieve the President's goal of 60,000,000 jobs, find a place in our economy for 750,000 to 1,000,000 new small merchants.

Much emphasis in post-war discussions has been placed on our increased productive power and it is certainly the keystone of future prosperity, but if the products of our mills and factories lack free and full outlets to the consumer, we will have created a dangerous bottleneck. Little business will have to supply the channels through which goods and services move.

What can Government do, in addition to seeing that credit is available to little business to aid in this situation?

It can and should provide operating and management counsel and advice. The high mortality rate in the field of little business over the years proves that this is true. Too many men and women attempt to set themselves up in business with no experience and scant knowledge.

Too many people, unfortunately, have believed that possession of a little capital, some energy, and a great deal of ambition provided sufficient equipment for entry into the small-business field.

GREATER AID IS URGED

They have found to their sorrow that there is more to commerce and trade, whether it be big or small, than these attributes.

Many have succeeded with no better initial equipment but they have learned as they went along. There will, of course, always be failures.

Certainly, it is the responsibility of Government to make available fundamental information which can be used by anyone who wishes to set himself up in business and thereby give him as good a chance as it is possible to do.

The Department of Commerce has, for some time, asked Congress to take a step in this direction through the expansion of its field offices—already in existence—so that there may be provided for business a service similar to that which Government has for years placed at the disposal of agriculture through county agents.

This does not mean that we think there should be a representative of the Department of Commerce in every county in the United States, but even a limited number of men—able to give sound advice and pass along to the newcomer in business the experience of thousands of others—would be of great value and avoid many needless failures.

MUCH ADVICE AVAILABLE

As an illustration of what can be done, I cite the program which is already under way through cooperation between the War Department and the Department of Commerce.

Specialists in the Department of Commerce have prepared or are preparing 17 textbooks dealing with the establishment and operation of the most populous small business lines. They have been written in complete cooperation with industry, so that they contain not only the advice and counsel of Government experts, but the practical suggestions of men who have already established themselves firmly in business.

These books deal with the establishment and operation of automobile repair shops, retail bakeries, electric appliance and radio shops, grocery stores, metal working shops, painting and decorating businesses, real estate and insurance brokerage businesses, small sawmills, shoe repair shops, apparel stores, beauty shops, building contracting, hardware stores, service stations, general merchandise stores, dry cleaning establishments, laundries, and restaurants.

The War Department will only distribute these textbooks among soldiers whose desire it will be to go into business for themselves upon demobilization.

They spell out the financial and physical needs in each class of business and try to show the things that will be helpful and how to avoid the things that will spoil the chances of success.

EXPERTS ARE NEEDED

They should be generally available and there should be on hand experts who could discuss with men and women the situations which the books set forth.

Moreover, the time will come, after a small business has been established, when the operators will need help and guidance which Government should be in a position to provide, and there will always be new developments which it is the Government's duty to pass along to its citizens.

We will need the aid of every citizen to keep our economy functioning in peace just as we have needed the cooperation of everyone for war production.

Banks should occupy the leading role in this field. It is their responsibility to meet the credit needs of the country, and if it takes a little extra trouble to look after a small businessman, the banker should welcome the opportunity. He should know that if he does not meet it, the Government will, and his natural field will get narrower and narrower.

The future of small business does not, however, lie entirely in the hands of those who may enter it after the war.

There are, at the present time, 2,500,000 establishments which may be classed as small business. They, for the most part, have weathered the stresses and strains of operation in wartime and their problems are concerned not so much with the present, which, because of consumer demand, is relatively bright—but with what will happen after the war.

Representatives of the Department of Commerce, in the past 6 months, have met with many groups—geographically well distributed—in order to find out what was worrying these businessmen.

The distributors, mostly retailers, were primarily concerned with the sale of surpluses to speculators rather than through regular channels, with upgrading of merchandise by manufacturers, making it impossible to maintain low- and medium-priced goods in stock; and with post-war competition from large manufacturers with their own outlets and chain stores, which could buy up new merchandise as fast as it came on the market.

Some retailers were disturbed by growing competition from consumer cooperatives, manpower shortages, job freezing, and inequitable freight rates.

The manufacturers, almost all of whom employed 100 or less people at the time, were almost uniformly concerned over the distribution of surplus goods; their inability under present tax laws to build up a cash reserve essential for quick reconversion to civilian production; need for equitable freight rates.

TAX CHANGES VITAL

In both categories, credit needs were most frequently advanced under the discussion of taxation. The solution to the problem of post-war risk capital was uniformly taken up as a tax question, not in terms of borrowing more funds.

I do not take this cross section of small business opinion to mean that there will be need only for tax relief in the reconversion period, but income tax rates, regulations and schedules will need to be revised if the smaller units in businesses of all kinds can pay their debts from earnings over a reasonable time, and there is no other way for them to pay their debts other than from earnings.

We cannot expect business, little or big, to put risk or venture capital to work under a tax system which does not enable the investor of the money to get either a profit on his capital or the opportunity of amortizing his obligations in an orderly way.

We cannot abridge the right of honest and ambitious men to enter the business field because our financial institutions are unwilling to take a chance on the future of the United States.

As a matter of fact, there is little or no risk involved for the banker. The Reconstruction Finance Corporation has for a good many years and is still willing to participate with banks in making industrial loans in any degree up to 90 percent. No system of guaranteed loans could reasonably go any further than this and certainly any banker should be willing to take at least a 10 percent share with his Government in the advancement of his own community.

SMALL LOANS NOT HURTFUL

To put it another way, a loan application made by a fellow citizen in which a local bank is not willing to take some of the risk is either a very poor loan, or a great reflection upon the fitness for his job of the banker who turns it down.

I do not believe, however, that the bankers of the United States are going to make the mistake of denying credit to reputable men and women of character in amounts appropriate to the circumstances. And as for little business and little loans, I would remind the banker that no bank ever got seriously hurt from small loans.

In many communities banks have either already established credit pools to finance small business or are in the act of doing so. Some of these pools will contain as much as \$100,000,000. They should be operated on a constructive basis. The Reconstruction Finance Corporation stands ready to participate with these pools so that there may be no lack of credit for legitimate enterprise, regardless of size, that will provide employment and opportunity.

This proposal, which we will be glad to consider in any part of the country—if the banks want Reconstruction Finance Corporation's cooperation—will not only provide a greater amount of available credit but will be, in effect, a participation by the Reconstruction Finance Corporation in any loans which are made.

The banks of the country ought to go to work post-war just as everyone else to assure a high level of production and employment. Too-stringent policies in the operation of the credit pools will make them ineffective. Liberal policies may mean some losses, but there again, there will be profit enough in the interest rate to cover them.

Our experience has convinced us that an organization operated along constructive business lines—as the Reconstruction Finance Corporation has been—can provide sound and helpful assistance to all business with no let loss. And no loan is too small or too large to be given serious and prompt consideration.

I repeat, and wish to emphasize, that there is profit enough from reasonable interest rates to cover any net loss on small business loans.

Estimated number of all operating business firms (small and large) in 1939 and 1943

	1939	1943	Net change, 1941-43 ¹	
			Number	Percent decrease or increase since 1941
All industries.....	3,316,700	2,861,600	-536,400	-15.8
Mining and quarrying.....	21,400	26,200	+3,800	+16.2
Contract construction.....	202,100	158,100	-85,700	-35.2
Manufacturing.....	214,200	228,600	+2,800	+1.2
Transportation, communication, and public utilities.....	207,700	188,000	-21,200	-10.1
Finance, insurance, real estate.....	286,400	261,200	-23,800	-8.4
Wholesale trade.....	144,800	114,800	-31,400	-21.5
Retail trade.....	1,601,400	1,330,400	-290,400	-17.9
General merchandise.....	36,800	34,500	-2,500	-6.8
General stores with food.....	37,700	29,700	-6,100	-17.0
Grocery, with, without meats.....	341,500	284,300	-62,500	-18.0
Meat and sea food.....	39,900	28,500	-10,200	-26.4
Other food stores.....	120,000	93,500	-20,100	-17.7
Liquor stores.....	15,300	13,800	-1,600	-10.4
Auto dealers (new, used).....	38,400	30,900	-10,100	-24.6
Other automotive.....	15,100	13,700	-3,000	-18.0
Apparel and accessories.....	73,000	66,700	-6,200	-8.5
Shoes.....	13,100	10,400	-2,800	-21.2
Home furnishings and equipment.....	29,500	28,100	-4,500	-13.8
Appliances and radio.....	15,000	10,300	-4,500	-30.4
Drugs.....	52,200	47,200	-4,400	-8.5
Hardware and farm implements.....	37,900	34,800	-3,900	-10.1
Lumber, building materials.....	31,300	27,200	-4,800	-15.0
Fating and drinking places.....	295,400	250,800	-57,000	-18.5
Filling stations.....	226,700	170,900	-56,700	-24.9
Other retail.....	182,700	155,100	-29,500	-16.0
Service industries.....	638,700	554,300	-89,500	-13.9
Hotels, boarding houses, etc.....	27,500	24,400	-4,700	-16.2
Laundries, dry cleaning, etc.....	86,700	92,900	+3,400	+3.5
Barber and beauty shops.....	203,400	183,400	-30,100	-14.1
Other personal services.....	93,000	73,100	-8,600	-10.5
Automobile repair.....	77,500	59,100	-18,500	-23.8
Amusements.....	44,200	38,000	-6,600	-8.5
Business services.....	106,400	83,400	-17,600	-17.4

¹ 1941 was the peak year for the total number of operating businesses.

AMENDMENT TO S. 375

JOINT RESOLUTION To provide for the continuance of the Federal Loan Agency as an independent establishment of the Federal Government

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Loan Agency, created by section 402 of the President's Reorganization Plan Numbered I under authority of the Reorganization Act of 1939, shall continue as an independent establishment of the Federal Government and shall continue to be administered under the di-

rection and supervision of the Federal Loan Administrator in the same manner and to the same extent as if Executive Order 9071, dated February 24, 1942, transferring the functions of the Federal Loan Agency to the Department of Commerce, had not been issued.

SEC. 2. All powers, functions, and duties of the Department of Commerce and of the Secretary of Commerce which relate to the Federal Loan Agency are hereby transferred to the Federal Loan Agency to be administered under the direction and supervision of the Federal Loan Administrator.

SEC. 3. The unexpended balance of the funds made available to the Secretary of Commerce by Public Law 365, Seventy-eighth Congress, approved June 28, 1944, for administrative expenses of supervising loan agencies, shall be transferred to the Federal Loan Agency to be used for the administrative expenses of that Agency.

SEC. 4. No functions, powers, or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941, or any other law unless the Congress shall otherwise by law provide.

(Whereupon, at 5:30 p. m., the committee recessed to 10:30 a. m. of the following day, Thursday, January 25, 1945.)

ADMINISTRATION OF CERTAIN LENDING AGENCIES OF THE FEDERAL GOVERNMENT

THURSDAY, JANUARY 25, 1945

UNITED STATES SENATE,
COMMITTEE ON COMMERCE,
Washington, D. C.

The committee met, pursuant to adjournment, at 10:30 a. m., in room 318, Senate Office Building, Senator Josiah W. Bailey (chairman) presiding.

Present: Senators Bailey (chairman), Overton, Bilbo, Radcliffe, Pepper, O'Daniel, McCarran, Chandler, McClellan, Johnson (of California), Vandenberg, Brewster, Burton, Wiley, Robertson, and Cordon.

The CHAIRMAN (after the arrival of Mr. Wallace). There will be no further demonstration. The demonstration you gave is entirely satisfactory; there is no complaint, but the committee is now in session. It is very important that we should proceed in the most orderly way possible.

We are welcoming our former Secretary of Agriculture and former Vice President, and we are all glad to have him here. I think the photographers will take a few pictures, and after that Mr. Wallace will be at liberty to proceed.

STATEMENT OF HENRY A. WALLACE, FORMER SECRETARY OF AGRICULTURE AND FORMER VICE PRESIDENT OF THE UNITED STATES

The CHAIRMAN. Mr. Wallace, we have before the committee Senate bill 375, known as the George bill, and the substitute which he proposed on yesterday. You may proceed.

Mr. WALLACE. Mr. Chairman and members of the committee, I wish to assure you that I appreciate the opportunity which you have extended to me to appear before this committee for the purpose of discussing Senate bill 375, the so-called George bill. Obviously I am deeply concerned with any proposal that has for its purpose the stripping of the Department of Commerce of its present lending functions. I would be less than frank if I were to give you the impression that my concern springs solely from the fact that important functions are being carved out from under the jurisdiction of the Department of Commerce. You know, and I know, that of even greater significance is the fact that my nomination as Secretary of Commerce was the occasion for this particular proposal.

There are some who have suggested—perhaps in an effort to save my feelings or face—that this separation of the lending functions from the Commerce Department is desirable because of my alleged “lack of experience” in such field. Let me say that this talk does not fool either me or the American public. You know and I know that it is not a question of my “lack of experience.” Rather, it is a case of not liking the experience I have.

Let me be specific: For 8 years I was Secretary of Agriculture. During that period the Commodity Credit Corporation, the Farm Security Administration, the Farm Credit Administration, and the Rural Electrification Administration were under my supervision. During that period these agencies loaned over \$6,000,000,000. We made 11,500,000 separate commodity-credit loans and 1,208,000 rural-rehabilitation loans. We arranged the financing to permit 20,184 tenant farmers to buy their own farms.

Collateral for these loans included farm real estate, agricultural producing, processing, and marketing facilities and a wide range of farm commodities. These loans were not only made on a sound business basis but they were also in the public interest. Farmers benefited, consumers benefited, and the interests of the Nation itself were advanced as a result of these loans. I am proud of our financial record on this difficult financing. If there are any present who are interested in the details respecting this record, I will be glad to answer their questions at the end of my prepared statement. But since I do not believe that the real issue relates to my alleged lack of financial experience I would like to proceed to what I conceive to be the real issue.

The real motive underlying these suggestions for stripping the Department of Commerce of its vast financial powers has, of course, nothing to do with my competence to administer these powers. The real issue is whether or not the powers of the Reconstruction Finance Corporation and its giant subsidiaries are to be used only to help big business or whether these powers are also to be used to help little business and to help carry out the President’s commitment of 60,000,000 jobs. In other words the question is really one of whether this committee, the Congress, and the American public want these enormous financial powers utilized and invested in a free America—in a prosperous America.

This is not any petty question of personalities. This is a question of fundamental policy. It is the question of the path which America will follow in the future. So that there can be no doubt in anyone’s mind where I stand on these fundamental issues, I would like to take this opportunity to discuss with you the future which I feel is in store for America.

In discussing with you the path which I feel the American people should pursue in the years immediately following this war, I am under no illusions that as Secretary of Commerce I will be able to carry out all of the measures which I will discuss. However, I do want to make it clear now that, to the extent that powers are vested in me by Congress, I will use those powers to the fullest possible extent to further the objectives which I will outline to you.

For the second time in 25 years America has proved her capacity to meet the challenge of total war. Twice in 25 years we have amazed

the whole world—and ourselves—with our daring conception of what America could do when forced to war. We have astounded a grateful world by the stupendous number of planes, tanks, and guns rolling off our assembly lines; with the bridge of ships we have erected across the oceans; by the overwhelming force with which America has turned the scales of battle.

Thus has America met the challenge of war—with boldness, courage, and determination. Thus has America become the symbol—the world over—for the dynamic force of a free people fighting for a free world.

But what of the peacetime problems here at home which will follow the successful conclusion of this war?

Is America prepared to meet the challenge of these peacetime problems as it has twice met the challenge of war?

Will we approach the problems of peace with the same boldness of conception, the same courage and determination, as we have approached the problems of war?

In the answer to these questions lies the future of America. To anyone who has faith in America the answer is clear. The American people are prepared to meet the problems of peace in the same inspiring way that they have met the problems of war. The American people are resolved that we shall insure that the youth of this Nation will never again be called upon to fight in another war. And the American people are equally resolved that when our boys return home from this war, they shall come back to the brightest possible, the freest possible, the finest possible, place on the face of this earth; to a place where all persons, regardless of race, color, creed, or place of birth, shall live in peace, honor, and dignity, free from want and free from fear. To do otherwise would betray the faith of every soldier, every worker, every businessman, every farmer in this country who is giving his best for America.

In determining the course of action we should pursue after the war, it is well for America to pause and take stock of her capacities. For America's capacities should be the measure of America's future.

America's known capacities are not difficult to calculate. We are now producing goods and services to the gigantic total of \$200,000,000,000 a year with 52,000,000 workers and 12,000,000 soldiers. In simple language, that means that today America is producing nearly twice as much as she had ever produced before the war. But an enormous part of the goods and services we are producing today does not find its way into the American home. No; it represents the ships, the guns, the planes, and tanks we are using to fight this war.

But I know, and you know, that, if we can produce a huge flow of ships and guns and planes and tanks, we can also produce an abundance of houses and cars and clothing and provide education and recreation and the other good things of life for all Americans.

And we all know that when our boys return home from the war and are again able to put their power into the stream of peacetime production, America's capacity to produce will be even greater than it is today. Yes, much greater than today, even when we remember that some of our returning soldiers will prefer to resume their education; that some older people will begin a retirement delayed to participate in war work; and that many women will give up their jobs in favor of homemaking. Making full allowance for these groups, the fact re-

mains that America will have the capacity after the war for producing houses, cars, clothing, education, recreation, and all of the other good things of life on a scale that staggers the imagination. That is what America can and will do if we have the courage and vision to give her the chance.

But to accomplish this task of utilizing our full productive capacity year after year, it is childish to think that this can be accomplished by a small segment of business and finance even though that small segment consists of the giants of industry and the tycoons of American finance.

Nor can this be accomplished by throwing crumbs to a reported 20,000 business enterprises out of a total of over 3,900,000 struggling small businesses in the United States. Why, an America geared to that limited conception of our capacity will find itself faced with millions of unemployed. The same people who set their sights too low for war are now asking the American people to set their sights too low for prosperity. They do not grasp the strength and the spirit of America.

Now, do any of us think for a minute that there is any quack remedy or cure-all that can be automatically applied. The sober facts are that genuine progress will be achieved only through concrete plans and a real effort.

In the President's message to Congress last year and this year he set forth eight self-evident economic truths as representing a second Bill of Rights under which a new basis of security and prosperity can be established for all—regardless of station, race, or creed.

America led the world in establishing political democracy. It must lead the world once more in strengthening and extending political democracy by firmly establishing economic democracy. Let us not forget the painful lessons of the rise of fascism. Let us remember that political democracy is at best insecure and unstable without economic democracy. Fascism thrives on domestic economic insecurity, as well as on lack of or divided resistance to external aggression. Fascism is not only an enemy from without, it is also potentially an enemy from within.

We now must establish an economic bill of rights not only out of common decency, but also to insure the preservation of our political freedoms. We must accord to this economic bill of rights the same dignity—the same stature—in our American tradition as that we have accorded to the original Bill of Rights.

Let us therefore affirm this economic bill of rights—and keep affirming it—until it is as familiar and real to us as our political Bill of Rights.

The economic bill of rights as embodied in the President's message to Congress last January is—

The right to a useful and remunerative job in the industries, or shops or farms or mines of the Nation. I might say that this was reiterated again in the last message to Congress.

The right to earn enough to provide adequate food and clothing and recreation.

The right of every farmer to raise and sell his products at a return which will give him and his family a decent living.

The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad.

The right of every family to a decent home.

The right to adequate medical care and the opportunity to achieve and enjoy good health.

The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment.

The right to a good education.

But the achievement of this American economic bill of rights will not come of itself. These rights will not come to those who merely sit and wait. Nor will they come through merely pious repetition. Our forefathers had to struggle for our political Bill of Rights; we will have to struggle for our economic bill of rights. If we are going to make those rights a living reality we must map out a vigorous and concerted course. We must set as our goal the implementation and fulfillment of the eight self-evident truths which together constitute our economic bill of rights.

The key to making this economic bill of rights a part of the American way of life is as self-evident as are the rights themselves. The key is the wholehearted recognition by all our people of the simple fact that in America the future of the American worker lies in the well-being of American private enterprise; and the future of American private enterprise lies in the well-being of the American worker. The greatest single thing that this war has demonstrated on the home front is that when the American worker and the American businessman and the American farmer work together as one team, there are no limits on what America can accomplish.

But to work together as a team, however, there must be a common goal. In this war that goal has been the defeat of our enemies in the shortest possible period of time. In the peace to come the goal must be the well-being of America.

I am now going to outline to you the type of program which I think would make each of these economic rights a part of our way of life. In your consideration of this program you will note this striking fact, namely, that to the extent that private enterprise grows in strength the economic bill of rights grows in reality, and to the extent that the economic bill of rights grows in reality American private enterprise grows in strength.

Thus, all the measures which are suggested in this program for the implementation of the economic bill of rights are at the same time designed to make American capitalism and private enterprise work in the same great manner in peace as it has worked in war.

And I also want to emphasize what the implementation of these rights will mean to our service men and women. They have given America the opportunity to work out its destiny as a free Nation in a free world. The America to which they return must be a land of economic opportunity in which they will find not only jobs but a chance for economic advancement and independent enterprise in industry, commerce, agriculture, and the professions. A grateful Nation can do no less for her returning service men and women. The G. I. bill of rights, which became law in June of last year, following a series of

recommendations which the President made to the Congress, is only designed to fulfill the special needs of our men and women in the service. The economic bill of rights is designed to fulfill the needs which they value most—yes; the needs which they value more than life itself—the needs of America.

I

The first economic right is "the right to a useful and remunerative job in the industries or shops or farms or mines of the Nation."

To assure the full realization of this right to a useful and remunerative job, an adequate program must provide America with 60,000,000 productive jobs. We must have more jobs than workers; not more workers than jobs. Only with more jobs than workers can every man be guaranteed a job with good wages and decent working conditions. This requires private enterprise working at expanded capacity.

This necessary expansion of our peacetime productive capacity will require new facilities, new plants, and new equipment.

It will require large outlays of money which should be raised through normal investment channels. But while private capital should finance this expansion program, the Government should recognize its responsibility for sharing part of any special or abnormal risk of loss attached to such financing.

Therefore I propose that the Government guarantee the lender against the special and abnormal risks which may be involved in achieving our objective. This will provide new and expanding industry with plenty of private credit at reasonable interest rates. Through this program we will merely be extending to the financing of old and new business the principles which have proved so successful in our experience with the V-loans, T-loans, and Federal Housing Administration loans.

A comprehensive investment program dedicated to expanding the peacetime productive capacity of America is the very essence of the American way of raising our standard of living. We build the plants for greater production so that all of us may share in their greater output. But greater output is not our only benefit from this plant expansion. In fact, our benefits also include the wages paid to the labor employed in building these plants, in constructing the machinery to be used in the plants and in operating the plants after they are erected. These payments as wages all contribute to the Nation's buying power so that as a nation we will have more money with which to buy the goods produced by these expanded plants.

As a matter of fact a comprehensive investment program of this character could make possible \$20,000,000,000 of new private investment each year. Why, just the job of building these plants and the machinery for them would give America 5,000,000 more jobs a year than we had in this work before the war. And this does not include the workers who would be needed to operate these plants after they are built.

In a nutshell, then, if we are going to have remunerative jobs for all, we must have an expanded private industry capable of hiring millions more men. I propose that the Government do its part in helping private enterprise finance this expansion of our industrial plant. It will be privately owned, privately operated, and privately

financed but the Government will share with the private investor the unusual and abnormal financial risks which may be involved in getting started.

But, in providing jobs for everyone, we shall not only have to increase demand for our industrial and agricultural production here at home; but also abroad. Some parts of our industrial and agricultural production demand a high level of foreign trade to be efficient and prosperous. This is particularly true in our heavy equipment industries where our war demand will fall sharply but whose output will be needed by other countries for reconstruction and development. The foreign demand for such farm commodities as cotton, tobacco, and wheat will also be great if other countries have the opportunity to buy. We therefore must take steps, in cooperation with other countries to see that international trade and investment is resumed promptly on a sound basis.

This administration has pioneered in the direction of international economic collaboration with its reciprocal trade agreement program—on behalf of which I have appeared before committees of Congress at least a half dozen different times—and the establishment of the Export-Import Bank. It has again taken the lead in suggesting international monetary stabilization and sound international investment measures—measures that are a fundamental prerequisite to healthy foreign trade and commerce. It was for the purpose of working out concrete measures of this character that the President convened the United Nations Monetary and Financial Conference at Bretton Woods last summer. At the Bretton Woods Conference, 44 countries agreed upon plans for an international monetary fund and an international bank for reconstruction and development.

The international monetary fund, when approved by Congress, will aid the nations of the world in establishing sound currencies. It will clear the channels of foreign trade of discriminatory restrictions and controls so that there can be a genuine expansion of world trade.

With the help of the International Bank, American capital can play a great constructive role—and a profitable role—in the development of the economies of other countries. It will provide us with enormous post-war foreign markets, for our greatest markets are in prosperous industrialized countries.

But America will not be merely a seller of goods abroad. A truly prosperous America—an America with jobs for all—will be a tremendous buyer of raw materials and products from abroad. It will be an America constantly enlarging the scope of our reciprocal trade agreements. It will be an America with the time and money to spend on tourist travel abroad as well as at home. It will be an America from which other countries can afford to buy more because they are selling more.

With congressional approval of this program and with our program of jobs for all in this country—the foreign trade of the United States can be trebled after the war. This increase in our foreign trade should mean 3,000,000 more jobs in this field after the war than we had before the war.

Nor are the benefits of increased foreign trade and investment confined to increasing our prosperity. I want to emphasize that such cooperative measures for expanding international trade and invest-

ment are at the same time the economic foundation for a lasting peace. A prosperous world will be a world free of both economic and political aggression.

There is one further phase of this program of providing jobs for all which must be made an integral part of any long-range program. That is the task of seeing to it that there are not just jobs for all next year—or for the year after that. No; we are talking about jobs for all as a permanent part of our American way of life.

It is inevitable, however, that an economy of free enterprise like ours will have some fluctuation in the number of jobs it can provide. Adjustments in employment are an essential part of an expanding free economy. And for these minor fluctuations, we provide unemployment insurance. But we must not allow such fluctuations ever to deteriorate into panic or depression. We cannot again be caught in that vicious downward spiral of unemployment, wage cuts, and stagnated business.

Whenever the number of gainfully employed in this country falls below 57,000,000, our Government should take prompt steps to see that new jobs are made available to keep the total from falling significantly below that figure. This is the floor below which we must not allow employment to fall.

The basic function of your Government in taking care of any such slack in jobs is to see to it that private enterprise is assisted until it can absorb this slack. This is entirely possible. During the war the Federal, State, and local governments have found it necessary to put aside the construction of roads, buildings, and public facilities to the value of many billions of dollars. We have a need, too, for vast programs of the type exemplified by T. V. A.

Some of this construction will have to be undertaken immediately after the war. A good deal of it, however, can be postponed so that its construction could be timed with periods when the volume of employment that industry, commerce, and agriculture can offer begins to fall. We must have a reservoir of planned and approved Federal, State, and local projects ready to be tapped. And when employment falls below this floor of 57,000,000 jobs, this reservoir of planned and approved public works should be opened up to provide more jobs and take up the slack.

Such useful and essential public works should not produce Government relief jobs, however. No; they should produce private jobs. This is possible if we insist that this construction be done by private firms under contract with the Government; private firms employing labor at the prevailing rate of wages and under standard labor conditions.

This assurance of a reserve of private jobs, through constructive public works when needed to take up the slack, will have a profound effect on the whole direction of our economy. In fact, the knowledge that Government accepts this responsibility of maintaining a floor under jobs will act as an immense stabilizing force on the whole economy, not only of this country, but of the whole world.

II

The second economic right is "the right to earn enough to provide food and clothing and recreation."

America must remain preeminently the land of high wages and efficient production. Every job in America must provide enough for a decent living.

During the war we have been compelled to hold down wage increases that might have provoked runaway inflation. With all the arms and war materials we were producing, there was only a limited amount of consumption goods available. Increasing wages without increasing the amount of goods available to the consumer would have been an open invitation to inflation.

However, the end of the war, even the end of the war in Europe, will change this picture. Then there will be more goods available for America to buy and it is only good common sense to see that the workingman is paid enough to buy these goods.

The gains made by labor during the war must be retained in full. After the last war, as part of the process of returning to "normalcy," the slogan "labor must be deflated" was adopted. This must not happen again. This time we must make sure that wage rates are not reduced when the wartime demand for labor is diverted into peacetime channels. We must make sure that the labor market is not broken by unemployment and wage slashes.

American labor should be assured that there are not going to be any wage cuts after this war. What is even more important—when the worker's hours are cut back to peacetime levels a real attempt must be made to adjust wage rates upward.

And wage rates should be constantly increased as the productivity of industry is increased. An expanding American economy can continue to expand only if the increased productivity is divided equitably between business and the worker. In fact we all know that unless the worker does get his share of America's increased production in the form of increased wages and unless business get its share in the form of increased profits neither will prosper and all—businessman, wage earner, and farmer—will lose.

But an increase in wages is not the only benefit the American worker should secure from increased productivity. He should also benefit in the form of shorter hours of work, in the form of increased leisure and opportunities for healthful recreation. Thus increased wages and shorter hours go hand in hand in solving the problem of prosperity the American way.

There is one further aspect of the wage-earner's problem that I would like to comment on. That is his aspiration for an annual wage or guaranteed annual income from his job. It is a terribly important part of any real attempt to implement America's economic bill of rights. The size of the wage earner's pay envelope is important—vitally important to American prosperity. But we all know that it is equally important to know how many pay envelopes he gets during a year. I would like to see him get a guaranteed minimum annual wage and I think the time has come for America to begin tackling this most difficult problem.

Now this goal cannot be attained overnight. It cannot be achieved in a manner to harm business. Nor can it be achieved with the same speed in every business.

But we can start on the job of giving labor an annual wage. We can do a lot if we all will only agree that it is a problem business and labor must solve and if we all approach the problem with a genuine

desire to succeed. The Government must do its part also. It must aid business in stabilizing its labor needs so that the burden of an annual wage will be solved in a sound manner. This in my opinion is the American way to bring about the annual wage and I have confidence in the American way of doing things.

III

The third economic right is "the right of every farmer to raise and sell his products at a rate which will give him and his family a decent living."

American farmers now have by far the largest farm income in history. This is their due reward for the greatest agricultural production in history. We must assure the farmers that there will always be a market for all their output at good prices. Concretely we should maintain an adequate floor on farm prices and thereby assure the farmer against the dangers of falling prices for his products. Our farm program must be one of expansion rather than curtailment. With jobs for all at good wages and with foreign markets greatly expanded, the farmer will be able to sell at good prices all that he can raise.

But this is not all. The farmer's income must have stability. To that end, there should be established a comprehensive Federal crop-insurance program which will secure the farmer against the hazards of crop failure. To this must be added concrete steps to raise the standard of living on the farm and in the rural areas. We need a complete program of new and modernized homes and farm buildings. We must press forward with rural electrification and improvement. Only in this way can we bring to the rural communities modern facilities for decent and healthful living.

IV

The fourth economic right is "the right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home and abroad."

Our economic bill of rights, like our political Bill of Rights, is based on freedom of enterprise—freedom of enterprise not merely and exclusively for the few but broadly and inclusively for the many. The political Bill of Rights insured the destruction of special prerogatives and privileges. The economic bill of rights will insure the destruction of special economic prerogatives and privileges.

No special class of business deserved to be the spoiled darling of Government. The American people have no interest in preserving the vested interests and monopolistic privileges of greedy big business. The interest of the American people lies in using the resources of the country to achieve a prosperous America, prosperous for all business, large and small, and for all the people.

We must break through the barriers of monopoly and international cartels that stand in the way of a healthy expansion of free enterprise.

We must overcome the monopolistic frame of mind which thinks of business in terms of restricted output at high prices per unit. We must pass on to workers and consumers the benefits of technological progress and large-scale production. Free enterprise in the American

tradition can flourish only by doing a large volume of business at a small profit per unit.

We must protect free enterprise against monopolies and cartels through continued vigorous enforcement of the antitrust laws. Private enterprise yields its full advantage to the consuming public and to other business only when it is genuinely free and competitive. He is a sinister enemy of free enterprise who pays lip service to competition but also labels every antitrust prosecution a "persecution."

Our economy has important new expanding sectors in air transport, frequency modulation, television, and fibers, plastics, and many other fields. These new expanding business areas in particular must be kept free of the constricting hand of monopoly, and also, and in particular those industries which will be based on inventions made in connection with the war effort, of which there are many in the War and Navy Departments.

There must be a place in these new business areas—as everywhere in our economy—for enterprising small firms. It is from these new and small firms that the great industries of the future will grow. We need new industries and new firms to have industrial progress. We must not permit them to be stifled by monopoly.

V

The fifth economic right is "the right of every family to a decent home." Concretely, we should adopt a housing program looking toward the construction through private enterprise of 2,000,000 housing units a year and ridding this country of its urban and rural slums. We need to build at least 15,000,000 new housing units if we are to eliminate all our slums and substandard dwellings. The right to a home is meaningless when that home is a hovel. We cannot afford slums.

A well-housed America must have modern homes—homes with all the latest electrical and mechanical equipment which will eliminate the drudgery of household work. To the fullest extent possible we must be a land of home owners, and to that end we must assure every family an opportunity for home ownership by making certain that there is available private credit on terms which will reduce the down payment and cut by one-third the monthly cost of buying homes.

New residential construction and the modernization of America's homes alone can provide jobs for 4,000,000 people a year. This is 2,000,000 more than the maximum amount engaged in such work prior to the war.

VI

The sixth economic right is "the right to adequate medical care and the opportunity to achieve and enjoy good health."

As Selective Service has revealed, too large a proportion of our younger men now fall below reasonable health standards. This is a warning signal to America with respect to the state of health of all segments of our population. This condition calls for immediate and drastic action.

We cannot permit the health of our people to be impaired by poverty or lack of medical and hospital facilities. I say to you that your Federal and State Governments have just as much responsibility

for the health of their people as they have for providing them with education and police and fire protection. Health and adequate medical and hospital care are not luxuries. They are basic necessities to which all are entitled.

We must see that medical attention is available to all the people. But this health program must be achieved in the American way. Every person should have the right to go to the doctor and hospital of their own choosing. The Federal and State governments should work hand in hand in making health insurance an integral part of our social-security program just as old-age and unemployment benefits are today.

We need more hospitals and doctors. We should make sure that such facilities are available and that we build hospitals in every community, rural and urban, that does not now have such facilities for all of its people.

Never again can we afford the waste of poor health in America because of poverty or inadequate facilities. And I say to you now that this program will prove in the long run to be a saving to America.

We must not be content to provide medical attention for people after they become sick. We must implement and extend our knowledge of maximum health as well as prevention of sickness. The Government should appropriate needed funds to finance a greatly expanded program of medical research in private and public institutions.

VII

The seventh economic right is "the right to adequate protection from the economic fears of old age, sickness, accident, and unemployment."

We must assure people who are disabled and temporarily unemployed that they will be taken care of adequately. We must assure them that they will not be in want because of loss of income during this period of compulsory unemployment. We cannot neglect these groups without incurring serious dangers to the stability of our whole economy.

A broader social-security program will be needed after the war. Old-age insurance should be adequate to provide all of our older men and women with the means for decent living. Our present old-age benefits are definitely inadequate. A decent, self-respecting old-age, social-security program deemed to be a right, not a charity, a right springing from the years of service each person delivers to the sum total of a better America.

An adequate social-security program will, of itself, by adding to the spendable purchasing power available to the people and by placing a floor on consumption, add more than 2,000,000 jobs a year.

VIII

The eighth economic right is, "the right to a good education."

We must have an educated and informed America. Even now most of our rural areas and some of our urban areas are poorly provided with schools. Our teachers are underpaid. Our schools are badly understaffed. We need more schools and at least one-half million more teachers. Through Federal aid to poorer com-

munities for the development of locally controlled educational programs, we should equalize and extend educational opportunities throughout the land. We should provide facilities for technical and higher education for all qualified young men and women without regard to their financial means. In this America, the pioneer of free education, the right to technical and higher education should be as universal as the right to a secondary school education.

This is the kind of program that can provide jobs, economic security, and rising standards of living for all Americans—regardless of race, color, or creed. Our democracy can be a living force only if it means the good life for all the people.

The millions of more productive jobs that this program will bring are jobs in private enterprise. They are jobs based on the expanded demand for the output of our economy for consumption and investment. And this program need place no real burden on the Federal Budget, notwithstanding the reduction in taxes which must come after the war. On the contrary, a program of this character can provide America with a national income of such size that it will be possible to reduce the tax rates still further on personal incomes, on business profits, and on consumption, and still collect enough tax revenue to meet the needs of the Government, including orderly retirement of the national debt.

These should be our immediate goals, once final victory over our enemies has been achieved. Now there are those who say that these goals are the dream of a "man willing to jeopardize the country's future with untried ideas and idealistic schemes."

Senator BREWSTER. Is that a quotation?

Mr. WALLACE. It appears as a quotation in the written text.

These people think they are the realists. Actually, they are the persons of limited vision and stunted imagination. These people are of the same breed as those "sound businessmen" who haggled over pennies in the purchase of strategic stockpiles before the war, only to leave the materials for the Japs to use against us. These are people who will fight against enemies waging total war by pinching pennies. These people think the same as those who said the President was dreaming when he declared in 1940 that the American people would produce 50,000 planes in 1 year. Do these Monday morning quarterbacks have the great faith in the American people, and in their way of life, which is required in order to understand the meaning of America?

I am confident, however, that the great majority of the American people share the same great faith in America and in the American way of doing things which I have expressed here. We know our way, and the road ahead is straight and broad, although there are many hills which we must climb. The program which I have set forth is only the first milestone, for the capacity of the American way of life in the years to come is beyond the vision of man. The American system of free enterprise is the best the world has ever known, and through it we can obtain, God willing, the best that this world has to offer.

It is in this perspective that I appeal to you to consider S. 375—the so-called George bill. I suggest that the Congress appoint a committee to investigate the past activities of the Reconstruction

Finance Corporation in order to determine whether or not the Congress feels that the powers of the R. F. C. have been administered in such a way as to do the most good for the American people. If the Congress does not feel that the powers of the R. F. C. should be exercised in such a way as to further the objectives which I have set forth here, then I respectfully urge the Congress to take the R. F. C. out from under the control of the Commerce Department. For I can tell you here and now that if the R. F. C. is left in the Commerce Department, I will use its powers in the interests of all the American people.

The greater part of my presentation has had to do with the problem of applying the eight principles of the economic bill of rights when peace comes and we are struggling with the inevitable readjustments that follow a war of this tremendous magnitude. Great as that problem is, and important as it is to plan for it, we must all recognize that at the moment when our boys are relentlessly destroying the Japanese and German might overseas we have a sacred obligation to do the most effective job possible on the home front. It is my hope that we all cooperate to the utmost in doing that job, while at the same time we press ahead with the utmost vigor to prepare for that first and most important plank in the economic bill of rights—full employment.

We must now devote all our efforts—and when I say “all,” I mean all—our efforts to winning of the war. I propose to leave no stone unturned, if confirmed as Secretary of Commerce, to see that every branch, every activity of the Department of Commerce and of the agencies under its control, is directed toward the sole purpose of helping to bring the war to a successful and speedy close and of returning our boys back home as soon as possible.

If the R. F. C. and its subsidiaries will remain with the Department of Commerce, I pledge myself to utilize all its powers and resources directly toward speeding up the war effort. But there is one thing that I would like to say in closing: If we are to win this war speedily, we on the home front must all coordinate our efforts to that goal. We must all stick together, and work together, as the boys are doing over there. We must bury whatever personal differences stand in the way of attaining that No. 1 goal before us. This is no time for personal and petty controversy.

Whether the R. F. C. and its subsidiaries are included in the Department of Commerce or not, I will concentrate all of my efforts and the efforts of the Department under me to the winning of the war. I want to make it clear that if it is decided that the R. F. C. should not remain with the Commerce Department, I will carry on the job of Secretary of Commerce until the war ends.

No soldier on the battlefield can do less than carry out his assignment. Certainly we on the home front cannot hesitate to do anything less. Both must give their all to the common cause.

The CHAIRMAN. Have you finished?

Mr. WALLACE. Yes, sir. [Applause.]

The CHAIRMAN. Now, friends, let us have quiet. The committee wants to resume the hearing. All of you have cooperated wonderfully, and we thank you. I think your applause was forgivable, it was all right, but just do not do it any more. We have to go over to the Senate

very shortly, as we are in session today. It is now a quarter to 12. I would like very much to finish this hearing today, and if you will just desist from demonstration you will expedite the hearing. At any rate, I am glad that you gave expression to your feelings. I hope you won't repeat it. Let us have quiet for the remainder of the time.

Are there any questions from the members of the committee?

Senator VANDENBURG. Mr. Chairman, I would like to ask the Secretary this one question, with special reference to S. 375:

If the functions of the R. F. C., specifically the Federal loan administration, are separated from the Department of Commerce, the choice of a loan administrator will still rest with the President of the United States, and, therefore, I assume that the separation would not threaten your bill of rights or your objectives, or the President's; is that correct?

Mr. WALLACE. I would say that the testimony as given here yesterday afternoon might have a bearing on that point.

Senator VANDENBURG. Well, the fact is that the President would still have the selection, would he not, of the Loan Administrator, and, therefore, any objective to which the President subscribes, and your own very able presentation of your program, would still be in good hands?

Mr. WALLACE. I am not certain about that—I am not certain about the legal status, in view of what was reported to me with respect to the testimony as given yesterday afternoon.

The CHAIRMAN. Are there further questions?

Senator PEPPER. I would like to ask just one or two questions, if I may, Mr. Chairman.

The CHAIRMAN. Let me make this remark first: There are other Senators here, not members of the committee. I think the committee would be glad to permit them to ask any questions.

Now, go ahead, Senator.

Senator PEPPER. Mr. Wallace, there are two or three things on which I would like to give you an opportunity to comment if you wish.

It has been bandied about the country for a good many months, as part of the fantasy which you have pursued, that you made a speech one time in which you said, according to the report, that you favored taking the money from the American taxpayer to buy milk—it was either a pint or quart; I don't know what the exact quantity was—to be given to the Hottentots, and that you proposed to take the money of the American taxpayers to build a dam, a T. V. A. for somebody on the Danube.

I would like for you to state whether you ever made such a statement or not and to make any comment you want to make on the report.

Mr. WALLACE. The fantasy to which you refer was spoken not by me but by the President of the National Association of Manufacturers, Senator.

What I precisely said can be found in this book, but I will not take the time to look it up now. It was to this general effect—that at dinner the other night I was sitting beside Madam Litvinov and, half in fun, half seriously, I said what this war was all about was whether or not everyone could have the privilege of having a quart of milk a day. That was what I actually said. But as a result of a speech by the

president of the National Association of Manufacturers everybody believed that I said that the purpose of the war was to see that every Hottentot had a quart of milk. Even the President of the United States believed that I said that.

That shows how effective propaganda is. Of course, anyone who read the speech knows that what I meant was that the causes of the war were economic, that people were desirous of getting enough to live decently, and that the way to prevent war was to make sure that the people did get enough to live decently. Anyone with any imagination whatever could read the purpose of my semifacetious remark on that occasion. But you can't tell what propagandists, who have a definite purpose in mind, will do. I have observed this around Washington, I may say—that so-called New Dealers will again and again be deceived by the propaganda of the enemy just because of what they read or what they hear through the press. It is amazing. Even the elect can be deceived.

SENATOR PEPPER. I have only one other question, Mr. Wallace.

I understand that there was a report made to the Temporary National Economics Committee which was prepared by a representative of the Department of Commerce, to wit, Mr. William B. Saunders, economic analyst of the Department of Commerce, assisted by Mr. H. H. Wein, which appears on page 312 of the report of the Temporary National Economics Committee of 1941, headed "The Concentration of Economic Power," wherein this short paragraph appears [reading]:

No information has been published by the R. F. C. as to the size of borrowing firms, but the size of the loans authorized indicates that small business has received little aid. Of \$450,000,000 in loans authorized by R. F. C. between 1932 and 1939, less than 4 percent were for loans under \$10,000 and only about 30 percent were for loans under \$100,000. At the other extreme, loans for a million dollars or more represented almost 30 percent of the total amount authorized. Actual disbursements in the 7-year period totaled only \$180,000,000. If the distribution of disbursements is assumed to be identical with the authorization, the total credit extended in loans of \$100,000 or less was about \$55,000,000 during the period.

Then I skip about five lines, where he distinguishes between authorizations and loans, and this sentence concludes the quotation:

Suffice it is to point out that in actual fact the volume of loans made to small business by the R. F. C. has been small.

If I understand you, in your statement of policy, you believe that small business should receive larger consideration from the R. F. C. and the agencies under its jurisdiction?

MR. WALLACE. I would hesitate to take up the time of the committee sufficiently to answer that question, because it is a matter to which I have given a great deal of thought and consideration.

I might say briefly, though, that the small businessman increasingly since 1913 has found it difficult to get equity financing. There is what might be called an "institutional gap," which is recognized by investment bankers. The cost of equity financing has been almost prohibitively high.

Let me put it this way, to sum it up in a nutshell—that if during the first 10 years of this century the present type of financing and the present taxation had been in effect, it would have been impossible to have anything like the present automobile, the present electrical indus-

try, the present chemical industry; and if we want in 1970 to have the Henry Fords and Edisons of 1945 to 1950 coming into flower, it will be necessary to make possible a type of financing for small business which does not exist today.

As I said, my ideas on this are quite comprehensive, and I do not believe it would be fair to the committee at this time to go into my ideas in detail, so I will not elaborate further, because I think many people may want to ask questions.

The CHAIRMAN. If you wish to prepare a written statement and submit it to us in time we will put it in the record.

Mr. WALLACE. I would like to get a good night's sleep first.

The CHAIRMAN. Very well.

Senator BREWSTER. That is rather a severe indictment of 12 years of this administration, isn't it, wouldn't you say?

Mr. WALLACE. I feel it is a severe indictment of the past 30 years.

Senator BREWSTER. We will take it all in.

Mr. WALLACE. I think the tendency began when the Federal Reserve System took over in 1913 and bank examiners became very meticulous. The result was to eliminate character banking—increasingly to eliminate character banking—which earlier had served both the farmer and the small businessman.

Senator PEPPER. One further question, with your indulgence, Mr. Chairman.

Along the line of the statement that I referred to a moment ago, which I think you clarified by your comment, a great many people in the country have not had an opportunity to know you personally as the people here in Washington and those who are presently associated with you do know you, and I think since you have been candid enough this morning to make a statement of your philosophy and your views about the Government and the public interest, and to allay some misapprehensions, you have the opportunity now, if you care to avail yourself of it, to state as to whether or not you have been able to manage your own private affairs in a frugal way, so that you have been able to stay off of the W. P. A., or to live other than upon the public salary which you have received.

Do you care to make any comment? I would like to extend to you the opportunity.

Mr. WALLACE. I am not one really to talk about private affairs. What have they been saying about me?

Senator PEPPER. I suspect that a lot of people would be surprised, if they believed some of the circulated reports about you, to find that you were able to make any money privately or to have any private interests. If you do or have been able to do so I think it would help the American people in getting a true picture of the man you are.

Mr. WALLACE. You think the feeling of the American public is that only a millionaire should be Secretary of Commerce? Is that the idea? [Applause.]

If it is any reassurance to the committee, the only institution with which I have had any business responsibility is a seed corn company. I never owned a share of stock in any publishing business at any time. I had a possible, eventual one-twelfth interest but I never owned any stock in any publishing company at any time, was never responsible for the business conduct of any publishing company at any time.

When the publishing company, to which I assume the public has been referring, consolidated with another company it was done, the decision was made while I was in Europe attending an international economic conference and studying certain scientific matters in the Balkan States and I did not know about it until after it was done. It was in 1929 and we all know what happened to the farm folks between 1929 and 1932. So it was no surprise. It would be no surprise to anyone as to what might have happened out there.

But, as I said, I had no business responsibility with that concern. I was editor of the paper. And I do not reflect in any way on the business management. My uncle was responsible for the business management. I don't reflect on his capacity as a businessman for a moment because he is a good businessman.

I just want to point out that the propaganda that is put out is without foundation. I have never undertaken to say anything against it because it is my observation that when you pay attention to propaganda, why, you confirm the folks in the first idea.

But with regard to the only concern with which I have had business responsibility, this corn company, the thing was my idea, it was based on my own corn breeding work. I had started experiments in 1906, experiments in in-breeding in 1913, had greatly expanded them in 1919, incorporated the business in 1926. I had very little money myself at that time due to the farm depression. I raised the money myself. In cooperation with a lawyer I wrote out the articles of incorporation myself. I selected all the key people in the company myself. The farm manager, all the folks that are key people in the company today are people that I picked at that time. I determined every step of the organization of the concern as it went on. It was genuinely a small business in its initiative.

I know the problems of the small businessman because I have lived with them. My name has been on the note at the bank for more money than I could possibly pay unless the seedcorn were sold. I know what that experience is. I have been up against that more than many men who claim that they are hard-headed realistic businessmen and I am not. I know what that is because I have been up against it.

Last year this company sold more than \$1,000,000 worth of seed corn. I resigned as president of the concern when I came to Washington, and shortly thereafter I got my brother into the business. Last night he called me up to wish me luck at the hearing this morning and I asked just out of curiosity how much money the concern owed the banks at the present time and was told it was \$300,000. Of course, if the sales of corn go well between now and next May all of that money will be paid off. Last year, I believe, they borrowed something like \$1,000,000. They have always paid off the money they borrowed at the banks.

I won't go into any more details on that. If any of you have any questions about any aspects of my business, either in private life or in Government, I will be pleased to answer them. I have always felt this kind of talk more or less was beside the point and dignified propaganda too much.

The CHAIRMAN. You spoke just now of equity financing. What do you understand that to be?

Mr. WALLACE. Common stocks are equity financing, for example. It means that long-time capital is, in effect, a share in the business.

The CHAIRMAN. Founded on the equity after the obligations of the bonds and the obligations of the preferred stock—

Mr. WALLACE. That is the customary interpretation. It involves a risk.

Senator VANDENBERG. A risk; yes.

The CHAIRMAN. I have just been told to talk into this microphone. Can you hear me?

Mr. WALLACE. I hear you fine.

The CHAIRMAN. Would you have the Government, by way of aiding business, big and little, go into the policy of equity financing?

Mr. WALLACE. I prefer to answer that by the expression of an expert in the business, Mr. Eberstadt. This is an address which he gave on December 12, 1944, before the National Association of Securities Commissioners. Mr. Eberstadt has been gravely concerned with the problems which I have described and suggests a very interesting approach. I may not have the precise point, but if you will bear with me I will read some of it.

May I say very definitely that I do not think the solution lies in Wall Street or even in the efforts of Wall Street. From a social point of view, this would be undesirable; from a political point of view, suspect; and from a financial point of view, I think impossible. Local people do not know the personalities or ramifications of Wall Street—

He is talking about equity financing for little business—

Nor can Wall Street people have that intimate acquaintance with local conditions, individuals, and businesses which is necessary to furnishing of investment capital on a sound basis. Thus disappointment or worse on both sides would probably follow an effort by Wall Street to solve this problem.

I may say parenthetically that those small businesses who have gone to Wall Street in an effort to get capital and have succeeded in getting it because of Wall Street's lack of acquaintance with local conditions, have had to pay such a high rate, and have had to give domination of their business oftentimes, that the experience has been rather undesirable.

Could I continue this quotation?

The CHAIRMAN. Yes.

Mr. WALLACE (reading):

Nor do I think it can be solved from Washington or even at all by Government alone. If, for example, the Government sets up a large pool of money, it is probable that not being familiar with the local conditions and individuals, the funds will either be handled too conservatively and thus not made adequately available, or too recklessly and thus lost.

Indications of a possible solution may be obtained from consideration of certain characteristics of the problem. In the first place, though it has very important national, social, political, and economic repercussions, it is primarily and essentially local. It is the home folks who have the most immediate and perceptible gain to look for by solving it in the form of additional employment, larger pay rolls, more production, and more business. Furthermore, they are the only people who know intimately the several businesses, the financial and character risks involved. They can best appraise the potentialities and capabilities of the management. And so any plan looking to the revival of the local capital and credit markets must, it seems to me, recognize at the outset aspects of the problems and seek its solution through local initiative, responsibility, and control. In this way not only are community pride and benefits involved, but there is also the important stimulation of the watchful eye of one's neighbors constantly alert with approval or disapproval.

Some place in here he indicates that the Government can do what I said in my prepared statement; that is, take care of the unusual risks

involved and, in effect, handle the problem some way like the F. H. A. has handled it, so that you have a government serving as a pool agent, so that the occasional losses are balanced out against the majority gains.

The CHAIRMAN. I don't think that reaches the question. My question was whether you would advocate the financing of small business on the equity basis. That, of course, is by way of taking stock.

Mr. WALLACE. I would hope that it would be possible to get it done by the Government, in effect, furnishing insurance to the local folks. That is, I think you can get the most employment by having it done that way.

The CHAIRMAN. You have the idea of the Government guaranteeing dividends on the stock and repayment as part of the investment?

Mr. WALLACE. Senator, I would like to present full details to the committee later. I might say that while I might make suggestions along that line, because I have been concerned with the problem, I would like any presentation that I might present to the committee to be looked on quite tentatively and probably subject to continuous later modifications.

The CHAIRMAN. That will be satisfactory. However, it is extremely important.

Mr. WALLACE. I think it is one of the most important points if we are going to get full employment in this country, and especially in the Middle West, the South, and the far West.

The CHAIRMAN. You will bear in mind in preparing that that the common stock, as a rule is the exclusive voting stock and if the Government takes over the common stock or any great portion of it, it is taking over the control, I will leave it right there for you to answer.

Senator PEPPER. Mr. Wallace—

The CHAIRMAN (interposing). I want to finish my examination.

Senator PEPPER. There is one point on that subject that I would like to bring out before the hearing is terminated. I apologize if you haven't finished.

The CHAIRMAN. I haven't finished by a long shot.

Senator PEPPER. I am sorry.

The CHAIRMAN. You spoke of small business getting money from Wall Street. Small business gets its money from the local banks.

Mr. WALLACE. I was quoting Mr. Eberstadt.

The CHAIRMAN. Mr. Eberstadt makes the picture there of small businesses all over this country going up to Wall Street and being turned down. Now, the small business goes to its local bank and the local bank is in position to understand the nature of the business and the prospects. Is the complaint against the small bank?

Mr. WALLACE. No; it would not be against the local bank except on this basis, that increasingly since 1913, and especially since the depression of 1930, the small banks have been operating under bank examining rules which make it impossible for that small bank to engage in this field.

The CHAIRMAN. They were Federal rules.

Mr. WALLACE. That is correct. Well, there were State bank examiners, but at the present time they are nearly all Federal bank examiners.

The CHAIRMAN. That brings me to another matter. You refer to the fact that there was a period in which we were not building up our

stock piles and as a consequence we let the material go to Fascist nations. That was the implication of your statement.

Mr. WALLACE. Yes, sir.

The CHAIRMAN. It happens that I have a good deal of correspondence on that subject which I will be glad to show you. I filed with the Secretary of State in the year 1938 and again in the year 1939 complaints from good people in this country who were in great sympathy with China. Most of them had lived over there as missionaries and they said that we were sending oil and scrap iron to Japan while the Japanese were fighting China. Mr. Hull wrote me two letters and in each instance said we would have to do that, that we were under a treaty, an economic treaty, and if we undertook to withhold oil and scrap iron from Japan at that time we would make bad matters worse; we would induce Japan to move, as she has since moved, to the oil countries with a view of taking over a lot of territory.

So, wasn't that the Government policy of which you are complaining?

Mr. WALLACE. No; I wasn't referring to that at all. I was referring to the failure to buy certain strategic materials.

The CHAIRMAN. We failed to buy aluminum, and other nations got it. I have a statement that aluminum could be had in 1939, 300,000,000 pounds, but there was no market here, and under the treaty and with the encouragement of the State Department it was sold where there was a market for it. I think that was characteristic of this country. We sold our scrap iron, as you know. I will add another thing about that. Mr. Hull stated to me in his letter that the scrap iron that was going to Japan was near the coast and too far from the steel plants, and, therefore, everything we sold we were just saving. That was a mistake of Government policy, was it not?

Mr. WALLACE. I think it was a mistake, very definitely.

The CHAIRMAN. You wouldn't blame it on Mr. Jones especially, or the R. F. C.?

Mr. WALLACE. Well, as a matter of fact, in July 1943 I did.

Senator BREWSTER. The sale of scrap iron?

Mr. WALLACE. Not the scrap. The Senator was using his scrap illustration to indicate the whole unawareness of the public. The Senator can repeat what he said.

The CHAIRMAN. My inquiry related to the scrap.

Mr. WALLACE. I said nothing about scrap myself.

The CHAIRMAN. I know you didn't. I am talking about the general policy. You will agree with me that the general policy in 1938 and 1939 was to go on selling to the people in Japan, or to the Kingdom of Japan, anything that they would buy over here?

Mr. WALLACE. Unfortunately it was. I don't quite get the point you are making relative to my statement.

The CHAIRMAN. Your suggestion was that we had let other nations have these goods.

Mr. WALLACE. I didn't mean to refer to that. Let's say specifically there was failure to buy in the Dutch East Indies adequate quantities of the materials available in the Dutch East Indies, materials that were very vital to our economy in case we got into war.

Senator BREWSTER. Rubber?

Mr. WALLACE. Yes, sir; rubber, tin, and quinine.

The CHAIRMAN. There was no suggestion that we buy in the Dutch East Indies until we had gotten into the war period.

Mr. WALLACE. Frankly, I think it indicates a lack of foresight and vision that we didn't do it.

The CHAIRMAN. That was not the fault of the R. F. C. especially. That was the fault of the administration, as conducted by the President and Secretary of State.

Mr. WALLACE. Frankly, I say it was the fault of certain advisers who should have informed the President. I say very specifically it was the fault of certain advisers who should have advised the President more adequately on what the world picture was, really was.

I will say, for my own part, as long as you are pressing this in this way, that I felt there was a very great danger. Let me give you a specific illustration, Senator. On April 13, 1939, I believe, I came up to the Capitol and sought out Senator Byrnes. There was a particular hearing on. This whole thing is in the Congressional Record, if you care to verify it. At that time I felt there was a great danger of war with Japan. At that time I told Senator Byrnes that I thought it would be a mighty smart thing if we took cotton which we had stored up and traded it to England for rubber. The Senator agreed with me. I went down immediately to the State Department. I knew in the State Department there were folks who had been tremendously concerned all the time about this danger of war with Japan, and I am sure Secretary Hull was tremendously concerned.

I went to see Herbert Feis, because I knew Herbert Feis had always been interested in rubber, as I had been. Herbert Feis was convinced of the trouble that was ahead and was convinced that trouble would reach us via rubber. I backed rubber when I was Secretary of Agriculture. I backed rubber when Congress tried to take the appropriations away entirely. If the Congress will go over its record it will see that it is not absolutely perfect, I must say.

Mr. Byrnes agreed and Herbert Feis agreed. Herbert Feis made it possible for me to get clearance. The State Department did not like the idea of commodity interchanges, felt that it was not quite the best way of doing business, but the State Department agreed. Joe Kennedy cooperated beautifully.

We made the exchange of 600,000 bales of cotton. The cotton was on the basis of the price in the first 6 months of 1939 at New Orleans, and the rubber in the same period. We got 90,500 long tons of rubber out of it, enough, as I remember it, to make 20,000,000 tires.

I think that is the kind of imagination that really was required to meet the stock-piling situation.

The CHAIRMAN. Maybe so; but let me call your attention to a vital fact. This country passed a Neutrality Act in 1939 in the month of October. Being chairman of this committee, it was my duty to look after the shipping aspects of that act, and the shipping aspects were big aspects. You will remember that we created zones, that is, places where ships could not go. They were called combat zones. We didn't create those zones around Japan. The act didn't contemplate that, nor did the President, nor his office. That was the order in which we might ship to Japan. That was the national policy. That came directly from the head of the administration.

So, I think the policy at that time was one of accommodation and perhaps—to use a bad word—one of appeasement. I don't think it is a bad word, although it did get a black eye at Munich.

Mr. WALLACE. Frankly, I think it would have been good policy during that period when we knew what Japan, Mussolini, and Hitler were up to, to have more than the usual quantities on hand. We had stockpiles in agriculture. In the case of corn we had about 5 times the normal carry-over in the fall of 1940 than we normally had. We had 100,000,000 extra bushels of wheat. That kind of thing came in mighty handy.

The CHAIRMAN. That is all right. I was bringing out the point of the national policy. I don't think the United States accumulated a surplus of corn with a view of war. We have had frequently a surplus of agricultural commodities. Our biggest complaint in the past has been that we have had too much surplus.

Mr. WALLACE. Nevertheless, Senator, it was a good thing to have had a stock pile on hand. I will say to the Senator that it definitely was not out of my mind.

The CHAIRMAN. We had a great surplus of cotton, and it was a great burden, but we didn't accumulate it with the expectation of war.

Mr. WALLACE. I never used it as an argument on the Hill because I knew it would be an unfortunate argument to use.

The CHAIRMAN. I will move to another subject. You made an analogy between our present condition of prosperity, based altogether on the war spending and the war borrowing, and the post-war prosperity. It wouldn't be prosperous if it were based on taxation. We spent on war last year \$90,000,000,000 and expect to spend this year about seventy-five or eighty billion. Now, that makes a certain sort of prosperity. That is prosperity based on borrowing, just like if I borrow a million dollars a year and present a certain kind of prosperity.

You say we can produce the same conditions in the post-war world. How much do you contemplate we borrow or how much would you raise by taxation to do that?

Mr. WALLACE. Well, Senator, I think you have to realize a very large part of this very large governmental expenditure has gone into the hands of the consuming public in the form of savings.

Senator BAILEY. Always does.

Mr. WALLACE. Well, in this case the excess savings are rather extraordinary. As I remember it, the estimate was that they would amount to \$100,000,000,000 at the end of 1944. That was an estimate made in 1943. I haven't seen a current estimate, but \$100,000,000,000 is more than 10 times what we have had of that type of savings.

Now, that money hasn't gone into expenditure because of war-time restrictions. So, I feel that you can't draw any conclusions from the war situation that are altogether applicable to peace.

I may say to the Senator, with regard to debts of all kinds, both private and public, there is a very interesting table in the July 1944 issue of the Current Business, a Department of Commerce publication, and in that the Senator will find, with regard to all debts, both public and private, a most interesting phenomenon. You will find that from 1921 to 1929 there was an increase in all kinds of

debts of \$50,000,000,000, \$5,000,000,000 a year. From 1929 to 1939 there was a decline in total debt, just before the war came on, of \$9,000,000,000, or an average decline during the period of about a billion dollars a year. I know it is customarily thought that in the decade of the twenties we were exceedingly frugal in paying off debts and that in the decade of the thirties we were riotously going into debt, but on the total debt account, public and private, the contrary is exactly true. In one case we went into debt to the extent of 50,000,000,000, in the twenties, and in the thirties we reduced the total debt by about 9,000,000,000.

So, I think it is important to probe very deeply into this debt question, and I am sure it would tire everyone here completely out if we went into the full aspects of it now.

The CHAIRMAN. I don't intend to. The difference there lies in the simple fact that the Government began to borrow and created a certain amount of prosperity on the borrowing and that enabled the people to get along, accelerated the number of transactions in business.

Mr. WALLACE. If I may interpolate, in the decade of the twenties when we were going into debt we had full employment. I think we must give the administration of that day credit.

The CHAIRMAN. Would you give the administration credit or would you give the people credit?

Mr. WALLACE. You have asked a question that would take quite a long time to answer. Your questions, Senator, always have the deepest philosophical implications.

The CHAIRMAN. When the elder Pitt was leading England as Prime Minister—and this was during the time of a war also—the merchants passed a resolution praising him by way of saying that even in war-time he had made England prosperous. That was because it was the first time that the Government had borrowed heavily to carry on war. Up to that time the Government taxed. They soon learned better when it came time to pay their debt. You are proposing a theory here that we should provide prosperity in post-war by greater extensions of the borrowing power of this Government, and in view of the fact that when the war is over in all probability the national debt will be around \$300,000,000,000, and perhaps more.

Mr. WALLACE. Senator, in that connection I think it perhaps desirable to have a little historic perspective.

The CHAIRMAN. I just gave you a little about Mr. Pitt.

Mr. WALLACE. That is what gave me the idea. If I might quote from Lord Macaulay on this subject [reading]:

At every stage in the growth of that debt the nation has set up the same cry of anguish and despair. At every stage in the growth of that debt it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing; and still bankruptcy and ruin were as remote as ever. When the great contest with Louis XIV was finally terminated by the peace of Utrecht the nation owed about fifty millions; and that debt was considered * * * by acute and profound thinkers as an incumbrance which would permanently cripple the body politic. Nevertheless trade flourished; wealth increased; the nation became richer and richer. Then came the War of the Austrian Succession; and the debt rose to eighty millions.

These are pounds, and, of course, in that day a pound of sterling was worth more in purchasing power than it is today.

Pamphleteers, historians, and orators pronounced that now, at all events, our case was desperate. * * * Soon war again broke forth; and under the energetic and prodigal administration of the first William Pitt, the debt rapidly swelled to a hundred and forty millions; * * * men of theory and men of business almost unanimously pronounced that the fatal day had now really arrived. * * * Not less gloomy was the view which George Grenville, a minister eminently diligent and practical, took of our financial situation. The nation must, he conceived, sink under a debt of a hundred and forty millions, unless a portion of the load were borne by the American Colonies. The attempt to lay a portion of the load on the American colonies produced another war. That war left us with an additional hundred millions of debt, and without the Colonies whose help had been represented as indispensable. * * * Soon, however, the wars which sprang from the French Revolution * * * tasked the powers of public credit to the utmost. When the world was again at rest the funded debt of England amounted to eight hundred millions. * * * It was in truth a gigantic, a fabulous, debt; and we can hardly wonder that the cry of despair should have been louder than ever. But again that cry was found to have been as unreasonable as ever. After a few years of exhaustion, England recovered herself. Yet like Addison's valetudinarian, who continued to whimper that he was dying of consumption till he became so fat that he was shamed into silence, she went on complaining that she was sunk in poverty till her wealth showed itself by tokens which made her complaints ridiculous. The beggard, the bankrupt society not only proved able to meet all its obligations, but while meeting those obligations, grew richer and richer so fast that the growth could almost be discerned by the eye. * * *

The prophets of evil were under a double delusion. They erroneously imagined that there was an exact analogy between the case of an individual who is in debt to another individual and the case of a society which is in debt to a part of itself. * * * They made no allowance for the effect produced by the incessant progress of every experimental science, and by the incessant efforts of every man to get on in life. They saw that the debt grew; and they forgot that other things grew as well as the debt.

Senator Danaher, of Connecticut, had a very interesting view on this particular question. He said:

If you are satisfied that you get your money's worth, the Federal Budget can be said to be balanced.

Sometimes the boys would like to scare us about the debt. They used to have pictures of little babies without any clothes on them saying: "Poor fellow, he owes \$1,500 the day he is born." Of course, you could just as well put another picture over here and say, "Lucky little fellow, isn't it grand he has got \$1,500 coming to him the very day he is born?"

And one would be as true and one would be just as false as the other.

When you think the thing through the fundamental point is whether or not the payments of interest on the debt have altered the distribution in income as between the different segments of the population. That is the fundamental point, if you are trying to look at the problem from the standpoint of the economy as a whole.

Senator O'MAHONEY. You were good enough to say that Senators that were not members would be permitted questions. My presence on the floor is required and I would like to ask one or two questions.

The CHAIRMAN. All right.

Senator O'MAHONEY. The issue, as presented to this committee and the Senate arises, as you have said in your opening statement, from

the fact that you have been nominated as Secretary of Commerce and from the fact that a bill has been introduced to divest the Secretary of Commerce of the supervision he now exercises over the Federal loaning agencies.

The question, therefore, in my mind, and the only question that I think is really involved here is the extent to which the powers of the Federal loaning agencies should be used by the Secretary of Commerce to effectuate any particular program, social and economic. In laying down your program for economic democracy in the post-war world, upon several occasions in your opening statement you said, as I recall it, "With the approval of Congress."

Are we to understand from that statement of yours that it would not be your purpose if these lending powers were not divorced from the Department of Commerce not to try to effectuate those policies without the approval of Congress?

Mr. WALLACE. Obviously, Senator, it would be absolutely essential and vital for Congress to set up the program. I always proceeded that way as Secretary of Agriculture. How can anyone proceed in any other way?

I am aware of the fact that under the R. F. C. as now set up it is not bound—I mean it hasn't had to observe some of the requirements which Congress has seen fit to exact of other agencies. If the Congress sees fit to wish me to administer these agencies, I should think that it would want to protect me and itself and the President by seeing that these safeguards are set up which all other departments have to observe.

Senator O'MAHONEY. I am aware of the fact that as Secretary of Agriculture that was your policy. But there is possibility of confusion in the public mind owing to the fact that you have come here this morning with a broad program for stimulating employment, and therefore stimulating business. You have talked of promoting free enterprise.

Now, the question naturally would occur whether or not it was your purpose to use these tremendously broad and unlimited powers which have gathered under the Federal loan agencies to carry out this program you have envisaged and laid before this committee without previous authorization from the Congress. Now, before you answer, may I say again that the powers, which were granted to the first place to the R. F. C., were granted in a period of grave economic emergency. From that emergency we moved into the emergency of preparation for the war and of the war, and during all this period new broad powers were granted, with great discretion to the loan agencies.

Now, do you believe that those undefined and unlimited powers of such great magnitude should be used by Executive action to achieve these ends?

Mr. WALLACE. I would think, Senator, that it would be highly desirable for Congress, as it has done repeatedly in the past, to amend the R. F. C. Act to define very clearly just what the Congress desires with regard to carrying out any or all of the program which I have set forth this morning.

Senator O'MAHONEY. You have spoken about free enterprise being——

Mr. WALLACE. I know, for my own part, I would feel it a very great safeguard in administration if Congress would take that action.

Senator O'MAHONEY. You have spoken about enterprise being free from monopolies and from private control. Do you also consider that private enterprise should be free from Government regimentation?

Mr. WALLACE. Senator, as much as private enterprise can be free from Government regimentation and yet have the maximum welfare served, I am strong for it; as a matter of fact, somewhat less than the maximum welfare served. At times I have been almost as much annoyed by Government bureaucrats as any infuriated businessman. Sometimes I have been wrong in my feeling and other times I feel that I may have been right.

I agree that as society gets more complex there can be many differences of opinion as to just where the green and red lights ought to be. There do have to be an increasing number of traffic signals as the civilization progresses, and the Government does have to place those traffic signals.

Senator O'MAHONEY. There can be no doubt but that public regulation is of great importance. Are we to infer from your statement that it is your belief that the powers of the executive agency should not be used to change policy without the prior approval of Congress?

Mr. WALLACE. Certainly; it is obvious.

Senator O'MAHONEY. Thank you very much. I am very grateful to the chairman.

Mr. WALLACE. I would appreciate it, if I may say, Senator, if I should be given by the Congress this broad supervisory power, if any question like that comes up, or if any Senator thought this policy was not being observed, that he would let me know.

The CHAIRMAN. I take it, Mr. Wallace, your answer to my question was in the affirmative.

Mr. WALLACE. I have forgotten what your question was.

The CHAIRMAN. I asked you if you were of the opinion that in the post-war period we should undertake to accomplish these objectives which you have outlined here by continuing to borrow money on top of the prospective national debt of \$300,000,000,000. You quoted from Macauley by way of showing that the English people were weeping and wailing at \$50,000,000 and finally at \$800,000,000, which is not at all to be compared to \$300,000,000,000. You answered in the affirmative.

Mr. WALLACE. Not necessarily.

The CHAIRMAN. I read that statement from Macaulay years ago. That didn't trouble me at all. I thought about Mr. H. K. Carroll (Superintendent of the Census of 1890) who said in 1890 that the American economy had finished and need not go any further. I would like to get your answer as definitely as you feel you can make it.

Mr. WALLACE. There is one way of getting full employment without increasing the debt, and that is by getting the maximum of equity finance; that is, common stock investment.

The CHAIRMAN. You are not ready to say the Government should buy the common stock?

Mr. WALLACE. No. You can get full employment by increasing private equity financing by a combination—well, under some modification of the F. H. A. plan.

The CHAIRMAN. F. H. A. is not equity financing.

Mr. WALLACE. You don't think so, Senator? It is not in industry, I will grant.

The CHAIRMAN. It is not equity financing. It is a lending agency.

Mr. WALLACE. It is a long-time loan and it is a debt.

The CHAIRMAN. A loan is never equity financing, because a loan is against the whole property.

Mr. WALLACE. I was thinking about the method whereby the Government participated when I made the statement.

The CHAIRMAN. Now, I have another question for you.

Senator WILEY. Mr. Chairman, we can't hear you.

Mr. WALLACE. I want to make this one point further, Senator. We can carry the interest on the \$250,000,000,000 or \$300,000,000,000 at low interest rates. We can carry the total interest burden of the country, both public and private, provided we do have people fully employed and do have full production. One of the very strong arguments for doing this is that it is the only way we can carry our tremendous debt load easily.

The CHAIRMAN. You have got a further proviso, and that is provided the people continue to absorb and hold the bonds at the moment, but the moment the American public begins to sell the bonds you are going to have very great difficulty carrying your debt.

Mr. WALLACE. That is why, it seems to me, the Treasury, in particular, has a tremendous stake in seeing that we don't start on any tailspin of unemployment. It has a tremendous stake in reassuring businessmen that that is not coming to pass. The stake is so great that the Government is well warranted in working out some device that will give necessary assurance to people who want to engage in equity financing.

The CHAIRMAN. The difference is that we are now buying bonds as a matter of duty, but once we get prosperity, we will buy investments as a matter of self-interest. People don't carry Government bonds in time of peace for the sake of the Government; they carry them for the sake of themselves; but right now they are carried for the sake of the Government.

Mr. WALLACE. I have known in our home locality where the local businessmen have invested on the basis of local patriotism in a hotel or something of that sort.

The CHAIRMAN. And always lost?

Mr. WALLACE. That has been my experience, sir. But it shows that they are not immune to investing from the standpoint of the general welfare of the community.

The CHAIRMAN. I will not argue that. I want to get further with your analogy. It was under the national defense powers, which are practically unlimited in my view, that we proceeded with this tremendous expenditure of borrowing and lending money, doing whatever was necessary, to fight the war. But when the war is over the defense powers will be out. Now, do you intend to invoke from the Congress, with a view for this program you have outlined, the exercise of other powers, welfare powers, or commerce-clause powers, as at present interpreted, and as I think they are likely to be interpreted for a long time to come?

Mr. WALLACE. Do I intend to—

The CHAIRMAN. You will have to find the power somewhere; you will have to have power equal with the defense powers of the Government. Now, I was asking you where you would look for those powers.

Mr. WALLACE. The Congress is the only institution.

The CHAIRMAN. You would invoke the full welfare- and commerce-clause powers?

Mr. WALLACE. You are talking about the writing of legislation?

The CHAIRMAN. I am talking about the source of the power to do what you have in mind.

Mr. WALLACE. Under the Constitution, yes.

The CHAIRMAN. You wouldn't go beyond the Constitution, but as I understand now the Constitution is so interpreted the Congress can appropriate any amount of money for any purpose it finds to be in the general welfare. It has been extended now to the small merchant, because his activity, as interpreted now, affects the general commerce of the country. Now, you go a step further and regulate the operation of a farm in Ohio or North Carolina. Do you intend to employ those full powers to bring about this situation that you speak of? They would be in substitution, of course, for the present limited powers.

Mr. WALLACE. I don't think we did quite the thing to the farmer that you indicated.

The CHAIRMAN. What I had in mind is very simple. We tell the farmer he can cultivate so many acres in wheat and so many acres in cotton and if he produces more, he cannot sell without a heavy penalty.

Mr. WALLACE. I remember how eager the Senator was to have restrictions put on the potato crop some years ago. At that time the Senator may remember that I referred to the Bible story, when the children of Israel came to Samuel and said they were tired of judges and wanted a king, and Samuel said, "it is up to you—a king will do many bad things to you but if you want a king go ahead and have one." I think that is exactly what I said to the Senator.

The CHAIRMAN. We are getting off a little ways from the track, but I will meet that. The blood had already been spilt and we had gone into the regulation of everything else, and I did think if you were going to regulate cotton, tobacco, wheat, and corn that the potato farmer might be protected against those people who were driven out of cotton and corn and were anticipating going into potatoes and breaking the potato farmers' market.

I will say now that I didn't think that was good legislation.

Senator BREWSTER. I think the potato legislation is the most unfortunate precedent which you could bring up here, since that is the only instance I know in your record, or in that of any Cabinet officer, when he has publicly announced that he would defy an act of Congress, and you will remember that caused a good deal of concern.

Mr. WALLACE. If you will look into the full record, you will find that I did not do that.

The CHAIRMAN. I think the bill was prepared in the Department of Agriculture and was brought to me. But we had a little controversy about the enforcement, but I have never complained about that, as you know.

Mr. WALLACE. Yes, sir.

The CHAIRMAN. Let's get a little further on. I think you gave us a statement that was very desirable and—I hope I don't offend you when I say—idealistic. I am trying to get down to the concrete part of it. You speak of the implementation of the economic bill of

rights. What action do you contemplate from Congress in the form of statutes to implement this bill of rights?

Mr. WALLACE. Obviously, there would be required bills under every one of these eight points. I think there has been introduced in Congress a bill covering the full employment matter. I think Senator Murray, Senator O'Mahoney, Senator Wagner, and Senator Thomas—

The CHAIRMAN (interposing). That was a bill mainly to create a committee to prepare plans. There was very little affirmative action, certainly no concrete action, proposed in that bill.

Mr. WALLACE. Yes, there was some very substantial concrete action in the bill. As the President pointed out in his message to Congress this year, he looked on that first plank in the economic bill of rights as the most important one, and the action taken under this bill, it seems to me, would result in bringing forward other proposals that would carry out, at least, some of the other planks in the economic bill of rights.

The CHAIRMAN. Later on in your statement you spoke about stabilizing the economies, and particularly the currencies in other countries. You think we can do that over here?

Mr. WALLACE. I think you should have someone from the State Department and Treasury to discuss the Bretton Woods proposals.

The CHAIRMAN. Let me put a concrete question to you. There has been no stabilization of currency in France since the First World War. The franc has gone down from 25 cents to 1 or 2. How would the United States stabilize the currency of France?

Mr. WALLACE. At the present time it is obviously impossible.

The CHAIRMAN. Do you think we could have done it at any time within the past 25 years?

Mr. WALLACE. I think you can get stability of currency only when there is assurance of permanent peace, or as much assurance as can be hoped for. If you have reasonable assurance of permanent peace and of permanent employment in this country and England—and these two countries are the balance wheel for the whole world for all the raw material producing countries of the world—then you will have the keystone to creating that degree of market for the other countries of the world that will make it possible for them to have full employment and fair prices for the products which enter into world trade, because it is in the world trade where the currency relationships are determined.

The CHAIRMAN. What is the concrete proposition to stabilize the currency in any foreign country, or in several, assuming that we had the prospect of permanent peace?

Mr. WALLACE. I think you would have to get someone from the Treasury to discuss that point.

The CHAIRMAN. But you have that in mind. That is what you said in your paper.

Mr. WALLACE. No. The point I made in the paper was that in this matter of getting full employment it is highly desirable that there should be the maximum of world trade and in getting the maximum of world trade the restrictions to world trade should be, as far as possible, removed, and that one of the restrictions on world trade is the uncertainty with regard to currency, and that I felt

a step forward had been made when these 44 nations had met at Brettonwoods and agreed on a plan. What the details of the plan will be when finally worked out, I cannot tell the Senator. I certainly would not attempt to speak for the 44 nations.

The CHAIRMAN. You said you had a plan.

Mr. WALLACE. No; I didn't say that.

The CHAIRMAN. Now, you said the foreign trade would provide additional employment over here, our shipments abroad, of course, for 3,000,000 workers. Foreign trade will be based either on our lending money or exporting to us. So, that will provide also for three to five million more men abroad engaged in selling to us, wouldn't it?

Mr. WALLACE. Well, it will depend on how efficient they are. If they are very inefficient, it might take 10,000,000.

The CHAIRMAN. Then, you contemplate increasing our employment by 3,000,000 on foreign-trade account and the foreign by five to ten million?

Mr. WALLACE. It depends on how efficient they are.

The CHAIRMAN. I will put in your qualifications, "depending on how efficient they are." They wouldn't be on equal wages, would they?

Mr. WALLACE. No country has such a high standard of wages as we have.

The CHAIRMAN. Have you got a definite plan about these 3,000,000 additional men?

Mr. WALLACE. Senator, what we import from abroad doesn't necessarily mean less employment here. It depends on what we are important from abroad.

The CHAIRMAN. It means you have got to buy it abroad to get it over here.

Mr. WALLACE. That is right.

The CHAIRMAN. What do the people abroad have to sell us?

Mr. WALLACE. They have tourist service—

The CHAIRMAN (interposing). What would justify the employment of 3,000,000 more people, or the equivalent of 3,000,000 more men, here?

Mr. WALLACE. They have tourist service, Senator, which they are very eager to sell us—

The CHAIRMAN (interposing). But we had those before and we are not likely to have more.

Mr. WALLACE. Yes; I think we are, Senator. With the airplane in the picture, I think definitely we will have more tourists traveling abroad.

The CHAIRMAN. We may have some more. I am talking about the objectives now.

Mr. WALLACE. Would the Senator like me to submit some other additional information?

The CHAIRMAN. What?

Mr. WALLACE. I don't care to bore the Senator.

The CHAIRMAN. You are not going to bore me. I am trying to find out what you have got on foot.

Mr. WALLACE. The Senator is putting it quite wrong. At the present time it is not what I have got on foot.

The CHAIRMAN. Well, what have you in your mind?

Mr. WALLACE. As a matter of fact, this is just a little intellectual exercise, as far as I am concerned.

The CHAIRMAN. I hope you are enjoying it very much.

Mr. WALLACE. I am, very much. [Laughter.]

The CHAIRMAN. I am trying to get at the ways and means——

Mr. WALLACE. This whole question of balance of payments is one which has been of most vital interest to me ever since 1919 and I have gone into the various ramifications in very great detail. I may say to the Republican Senators that it is on the basis of that that I left the Republican Party; that is, the Republican Party was not willing to see this Nation adopt a policy in conformity with our credit or position. I must say that the problem was not quite as simple as I thought it was when I left the Republican Party. [Laughter.]

This doesn't have much to do with my being Secretary of Commerce, but if you would like to have my full opinion, I would be most happy to give it to you.

The CHAIRMAN. I am not going to object. I asked the question and you have the right to answer it.

Mr. WALLACE. After World War I when we emerged as a creditor nation, and a very great foreign trade drive was put on through the Department of Commerce, I felt very critical because simultaneously with that very powerful foreign trade—and I think it was very skillfully done—we raised our tariff, and I used to go around the country saying to the farm folks, "There is going to be a great deal of trouble coming to the farmer, because here is the United States, a creditor nation, saying to the outside world with regard to the debt the outside world owes to the United States, 'Come here and pay up' and saying it in a very mean and very dirty tone of voice through all the newspapers, and congressional speeches."

Then we put a pitchfork against the bellies of these foreign nations, saying, "No you don't, you so-and-so, stay away from here, we won't let you pay up." I said that kind of thing was found to produce irritation, bound to create the most serious kind of trouble in those foreign nations.

I really think it was the fundamental cause of the rise of Hitler, the fundamental cause for a great deal of disturbances we have had all over the world. I have felt that most deeply.

Now, it was most important to our full employment in the decade of the twenties that we finance exports abroad. It was important to the farmer that those loans also serve to create a market abroad for farm products. Simultaneously we strongly expanded our drive for exports under Secretary of Commerce Hoover. As a result of loans the prices were higher than they would have otherwise been on the wheat and corn products, and tobacco and cotton. The fact that we were exporting industrial products abroad helped the manufacturers people in New England, Ohio, Michigan, and many other States. But when we exported so much more than we imported, and refused to accept goods, a day of reckoning was inevitable. When we raised the tariff a second time that day of reckoning came.

I was attending an international economic conference in southern England in 1929 at the time that bill had been introduced in the House, but it had not reached the Senate. I know the effect it had on the economists on the Continent; the effect it had on the British and

the other representatives there. I know that they felt that as a result they would be pushed into taking countervailing measures, which later on they did. That is when the world tailspin really began with a vengeance.

Now, here we come after this war. Again, we are again a creditor nation. I want to say that I have considerable sympathy with Herbert Hoover's problem as Secretary of Commerce right now, because I can say I am going to go all-out to get the maximum of use out of whatever powers may reside in the Bureau of Foreign and Domestic Commerce to foster and develop trade here and abroad. I am going to use those powers to the maximum to get an increase in foreign trade and, undoubtedly, for a period of 5 or possibly 10 years after the war there will be a great excess of exports over imports. As Secretary of Commerce I would be contributing perhaps as much as any single individual to producing a situation like that for which I criticized the Republican Party back in the decade of the twenties.

I say, from the standpoint of the United States and the whole world, that there should for a time be an excess of exports over imports but we should embark on this policy with our eyes open, with the idea that eventually we will receive more goods than we export. Those men who are in Congress who are going to be here for a period of years; and that means, of course, the southern Senators should keep this in mind.

The CHAIRMAN. Not all of them. They change.

Mr. WALLACE. The two imports this country, during the past 10 years, has been willing to receive most willingly have been gold and silver. These gold and silver imports have enabled foreign countries to finance a large volume of purchases from us. Certain foreign nations have benefitted greatly as a result of our purchase of gold and silver. I wouldn't go anything to minimize gold, because we have so much of it, but at the same time, if we are interested in the maximum human welfare in the long run, eventually we must build up such prosperity in the United States that we will be willing and happy to accept more goods than we export. I don't think that can be done for a period of a good many years.

The CHAIRMAN. You could do that by lending money to the foreign nations, or we could do it by opening our doors further for their trade here.

Mr. WALLACE. I suspect, Senator, that a great deal of money will have to be loaned, and we hope on private account, and we hope also with the complete knowledge of the Government, as I am sure it will be. A great deal of money will be loaned if a large volume of export is to be financed.

I think it is very important for us to furnish machinery and machine tools to these foreign nations that are not industrialized. This will enable them to industrialize themselves as fast as possible. Then they will enlarge their purchases from us of other things.

We have reached a stage somewhat analogous to that which England reached, say, 70 years ago. If we don't step forward in some decisive way and assume our responsibility we will again create a situation similar to that which existed after World War I.

The CHAIRMAN. Now, one more question. You stated that whenever our number of gainfully employed people, on wages as good as those existing now, should fall below 57,000,000, the Government

should take steps. But you didn't say what steps. I would like to know what steps.

Mr. WALLACE. Governmental building and construction, roads, airports, and so forth—should be blue-printed so they could serve as a prompt basis for construction activity when needed.

The CHAIRMAN. You contemplate a very vast system of public works?

Mr. WALLACE. I think we ought to have a very large volume of public works blueprinted in case the need should arise. I would hope it would be possible so to stimulate private activity that we wouldn't have to construct the less desirable type of public works.

The CHAIRMAN. How would that be provided for?

Mr. WALLACE. That would depend upon what the state of finances would be at the time.

The CHAIRMAN. In the present state or any time in the near future. You say in your statement that you propose a reduction of taxation.

Mr. WALLACE. I think you can get more taxes from what I proposed in this testimony than under any other approach because, after all, in the final analysis an unbalanced budget is men out of work, and if you have a large quantity of men out of work and allow the national income to be cut in half, as happened between 1929 and 1932—a reduction from 83 billion down to 40 billion—the effect is so great that there is a net loss to the Treasury by penny pinching. I mean economy at that time may prove to be a loss.

“PENNY-WISE—POUND FOOLISH”

The CHAIRMAN. Then I gather that your plans contemplate continually increasing the national debt instead of reducing the national debt?

Mr. WALLACE. Senator, I think that would require a very careful presentation that cannot be made in full at this time.

The CHAIRMAN. I am making my own deduction from what you said.

Mr. WALLACE. I am glad the Senator is making his own deduction, but I would not want the Senator to draw wrong deductions. I hope you will not draw wrong deductions.

The CHAIRMAN. You submitted no provision looking to any reduction of the debt.

Mr. WALLACE. Yes; I said I thought it was possible to get around to reducing the debt. That is what I said in my prepared statement.

The CHAIRMAN. As I got it, when you get around to it, you expect we could pay the interest, by issuing a lot of stock to finance it.

Mr. WALLACE. Senator, to some extent you are putting words in my mouth.

The CHAIRMAN. I would not do that.

Mr. WALLACE. Some of the words came out of my mouth undoubtedly, but if I might summarize it for myself, I would like also to indicate to the Senator that if we can have full employment and a total product of goods and services in excess of \$170,000,000,000, the national debt will fare better than it will under any plan which will result in reduced employment, or a total product of goods and services of much less than \$170,000,000,000.

The CHAIRMAN. But we get our present income——

Mr. WALLACE (interposing). May I also state this, Senator, that with that kind of income the burden of interest on all debt, public and private, will not be substantially more on a percentage basis than it was during the decade of the twenties.

The CHAIRMAN. But we get our present income of \$150,000,000,000 to \$160,000,000,000, national income.

Mr. WALLACE. A total product in excess of \$200,000,000,000, Senator.

The CHAIRMAN. The total product, yes. You were talking about the income and that would be \$200,000,000,000 on the total product. We get that very largely on production of munitions and borrowed money.

Mr. WALLACE. That is right.

The CHAIRMAN. Do you contemplate that we can get anything like the national income of \$150,000,000,000 or the total products of \$200,000,000,000 without really exhausting the credit of this country?

Mr. WALLACE. Senator, when the munitions production is finished it will be necessary to find other places for the activity of our men, materials, and technologies, and that is why I put forward this program here today. It is only by having a very far-visioned program, Senator——

The CHAIRMAN. A very far vision?

Mr. WALLACE. A very far-visioned program, that you can have such a total output of goods and services. Our people have never consumed the amount necessary in time of peace.

In 1943 the Senate printed a document, Senate Document No. 40, submitted by Senator Chavez, on markets after the war. In that document the Senator will find listed the consumption by the people of the United States of the various goods and services in 1940. You will find also the consumption that would be needed in 1946 to prevent unemployment. Mr. Livingston, of the Department of Commerce, is the author of that publication. If I had known the Senator was interested along this line, I would have brought the publication with me, because it is a fascinating publication, not because it is very precise but because it is very stimulating. It indicates that the people of the United States, in order to prevent unemployment, would have to consume of most consumer goods about 50 percent more than they consumed in 1940. People in our station of life might not want to consider consuming 50 percent more of certain things.

But when you go over the whole population and see the need in the way of bathtubs, in the way of housing—I have been observing housing in different States. When I directed the Farm Security program I visited homes where there were no windows in the window openings, no doors in the door frames, where there were 7 or 8 children and only one bed. There are myriads of things connected with housing of which we could consume twice as much as in 1940.

The CHAIRMAN. I have finished my questions.

Does any other Senator have any questions?

Senator BURTON. I have one question.

The CHAIRMAN. Go ahead, Senator.

Senator BURTON. There is just one question that I wish to get clearly stated in the record.

We have been discussing this issue today on the broad plane of major national policies, not on personalities, nor on the question of short-term policies. It was brought out yesterday in Senator George's testimony that, of course, this bill is not a bill to abolish the Federal Loan Agency. The Federal Loan Agency will continue, and if the bill is not passed, 6 months after the war it would be separated from the Department of Commerce.

Mr. WALLACE. That is true, sir.

Senator BURTON. Your program, as you outlined it this morning, dealt with a much longer view than that. You were contemplating, I think, that even though it was separated from the Department of Commerce your program could go along just the same.

Mr. WALLACE. Senator, subject to the approval of Congress of specific policies. I want to indicate that if it were under my supervision I would be coming to the Congress and asking for approval, if it were in my bailiwick. If it were health, it might be in Tom Parran's bailiwick; but if it were in my sphere of competence I would be coming to the Congress and asking for certain types of legislation looking in this direction, because I do believe that in the post-war period the problems will be so great that inevitably the Congress will renew the charter of R. F. C. when that charter expires in 1947. But in so doing it will no doubt modify the legislation to take care of the problems that would seem to be emerging at that time.

I want the Congress to know how if it were put in the Department of Commerce I would, subject to the Congress, try to administer it, after the war period is over. I made it clear that the war is the only thing that counts now, but after the war period is over I think it is only fair that you know the direction in which I would be exerting myself with the Congress.

Senator BURTON. It would be clear that if the George bill were not passed and within 6 months after the war the Federal Loan Agency would be continued, but continued apart from the Department of Commerce, that your program would still be what you contemplate it to be. Therefore, your program does not turn on the passage or defeat of the George bill, does it?

Mr. WALLACE. Senator, in the Department of Agriculture I had rather extensive experience with credit agencies and farm programs. Both the farm programs and credit agencies were in the same department. The Commodity Credit Corporation, which is the agency of the ever-normal-granary program, for a time was in the R. F. C. It was transferred, I might say, in 1939, to the Department of Agriculture. The Farm Credit Administration was put into the Department of Agriculture. It had been outside. The Farm Security Administration was set up outside the Department of Agriculture and it was put in the Department of Agriculture.

All of these agencies have loaned vast sums of money, and have made many individual loans. I can give you quite an extended statement on that, if you wish, but it is late. Credit is not merely banking. Credit also, if it is to be good credit, to serve the country the way it should, has to be extended on the basis of knowledge of the local situation. All the scientific bureaus of the Department of

Agriculture were helpful in administering the various farm credit agencies.

Senator BURTON. There you did not have a relation to agriculture, but here you say the Department of Commerce relates to everything in the world. We have greater difficulty in saying loaning agencies of all kinds should be really brought within the Department of Commerce.

Mr. WALLACE. If you will read section 5 (d)—I wonder if I have a copy of it—

Senator BURTON. Of the Reconstruction Finance Act?

Mr. WALLACE. Of the Reconstruction Finance Act.

Senator BURTON. That was read to us yesterday in full, and it covers the world.

Mr. WALLACE. You will find that credit is given to the R. F. C. for the purpose of maintaining and promoting the economy and stability of the country, or encouraging employment. You will find, if you read the statutory functions of the Department of Commerce that its functions cover very much the same field, to promote and foster manufacturing, shipping, commerce, foreign and domestic, trade, and so on.

Insofar as I have observed—I have sat in on a number of governmental reorganizations, and I have been greatly concerned about the problem involved in managing such far-flung machinery as we have now; I have talked with the reorganization experts. The President had been up against a tremendous problem, with about 47 different agencies reporting to him directly. The recent tendency has been, in order to get efficient organization, to get as many of these separate agencies as possible into a Cabinet department.

Senator BURTON. One point in my mind was this: In your concluding statement this morning, you did recognize, as I understood it, that the scope of your vision ahead extended so far and that the value which might be contributed by the loan agency was so great that you would be satisfied to go ahead either with or without the George bill separating the loan agency from the Department of Commerce.

Mr. WALLACE. Oh, I am just like everybody else, I am just a soldier.

The CHAIRMAN. I think we have reached a place where we can make a decision.

Are there any further questions?

If there are, I suppose we can recess until a later hour in the day, so we can get our lunch. If there are no further questions, then we will have completed the hearing.

Senator VANDENBERG. Mr. Chairman, Senator Brewster left. I understood he wished an opportunity to indulge in this intellectual exercise with the Vice President.

The CHAIRMAN. He said he had some questions, but I thought he had finished. I do not want to exclude any Senators from asking questions.

Senator O'DANIEL. Mr. Chairman, I have some questions that I would like to ask.

The CHAIRMAN. If you have some questions, and I presume other Senators have, we will take a recess until 3 o'clock.

(Whereupon, at 1:35 p. m. a recess was taken until 3 p. m. of the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

STATEMENT OF HENRY A. WALLACE—Resumed

The CHAIRMAN. Senator Robertson.

Senator ROBERTSON. Mr. Chairman, I do not feel the record would be complete without the text of the President's letter to Mr. Jones and Mr. Jones' reply. With your permission I will read them into the record. The transcript that I have is taken from the Times-Herald of January 22. [Reading:]

WASHINGTON, January 20, 1945.

The WHITE HOUSE.

DEAR JESSE: This is a very difficult letter to write—first, because of our long friendship and splendid relations during all these years, and also because of your splendid services to the Government, and the excellent way in which you have carried out the many difficult tasks during these years.

Henry Wallace deserves almost any service which he believes he can satisfactorily perform. I told him this at the end of the campaign, in which he displayed the utmost devotion to our cause, traveling almost incessantly and working for the success of the ticket in a great many parts of the country. Though not on the ticket himself, he gave of his utmost toward the victory which ensued.

He has told me that he thought he could do the greatest amount of good in the Department of Commerce, for which he is fully suited, and I feel, therefore, that the Vice President should have this post in the administration.

It is for this reason only that I am asking you to relinquish this present post for Henry, and I want to tell you that it is in now way a look of appreciation for all that you have done, and I hope you will continue to be a part of the Government.

During the next few days I hope you will think about a new post—there are several ambassadorships which are vacant—or about to be vacated. I make this suggestion among many other posts, and I hope you will have a chance, if you think well of it, to speak to Ed Stettinius.

Finally, let me tell you that you have my full confidence and that I'm very proud of all you have done during these past years. With my warm regards, always sincerely,

FRANKLIN D. ROOSEVELT.

Now, the text of Mr. Jones' letter [reading]:

JANUARY 20, 1945.

DEAR MR. PRESIDENT: I have your letter of today, asking that I relinquish my post as Secretary of Commerce, which carries with it the vast financial and war production agencies within the Reconstruction Finance Corporation and its subsidiaries so that you can give it to Henry Wallace as a reward for his support of you in the campaign.

You state that Henry thinks he could do the greatest amount of good in the Department of Commerce, and that you consider him fully suited for the post. With all due respect, Mr. President, while I must accede to your decision, I cannot agree with either of you.

You refer very kindly to our long friendship and our splendid relations during all the years, and state that you appreciate my splendid services to the Government and the excellent way I have carried out the many difficult tasks during these years. You are also good enough to say that I have your full confidence, and that you are very proud of all I have done during these past years, and that you hope I will continue to be a part of the Government probably in a diplomatic post. It is difficult to reconcile these encomiums with your avowed purpose to replace me. While I want to be of any further service that I can, I would not want a diplomatic assignment.

I feel and have felt a great sense of responsibility to the Congress and to you for the proper administration of the laws with respect to the R. F. C. that have been passed in the expectation that they would be administered by me or someone experienced in business and finance.

I have had satisfaction in my Government service because I have had the confidence of the Congress, as well as you own. I have had that confidence because I have been faithful to the responsibilities that have been intrusted to me. For you to turn over all these assets and responsibilities to a man inexperienced in business and finance will, I believe, be hard for the business and financial world to understand.

I appreciate the opportunity you have given me to serve my country through the depression and in time of war. My 13 years of Government service are ample evidence of my desire to be of any assistance to the Government. I can best be helpful in the line of my life's work—business and finance—but I seek no job.

With best wishes, faithfully yours,

JESSE H. JONES.

The CHAIRMAN. Mr. Wallace, the letters were read while you were on the stand, and you may feel at liberty to make any comment you choose or to make none if you choose.

Mr. WALLACE. I have no comment to make, sir.

The CHAIRMAN. Very well.

Senator Robertson, have you any questions?

Senator ROBERTSON. No, sir.

The CHAIRMAN. Senator Brewster, we recognize you. We understood you did have some questions.

Senator BREWSTER. I very much appreciate the courtesy of my colleagues; it was a little more than I asked or expected when I was called away, because I didn't want to attach any undue importance to my questions, but I am glad of the opportunity.

Mr. Wallace, you spoke this morning about the lack of danger in the public debt. There has been written a book, I will ask whether you are familiar with it, written by one who has been under your administration, the Chief Economist of the Foreign Economic Administration, indicating that a national debt of four thousand billion would be nothing to be alarmed about. Are you familiar with that book?

Mr. WALLACE. No; I am not familiar with the book, sir.

Senator BREWSTER. Would that disturb you?

Mr. WALLACE. Four thousand billion?

Senator BREWSTER. Yes. That is what he said. And he has been the Chief Economist of the Foreign Economic Administration.

Mr. WALLACE. What is his name, do you remember?

Senator BREWSTER. I can't give it to you. I know that was the post he held.

Mr. WALLACE. I am not familiar with the book.

Senator BREWSTER. I would like your notion about the idea.

Mr. WALLACE. Well, the value of money varies so much that it is impossible—it is just fantastic to comment upon it, it seems to me totally unrealistic and irrelevant.

Senator BREWSTER. To envision in anything like our present economy would disturb you?

Mr. WALLACE. Of course. Absolutely. I mean the interest on that would be quite staggering.

Mr. BREWSTER. It staggered me when I read it.

Mr. WALLACE. I mean, it would seem to me that that would tend to redistribute, to put into the hands of unproductive members of the community, an unduly large share of the national income.

Senator BREWSTER. Yes.

Mr. WALLACE. And that would be unfortunate.

Senator BREWSTER. That would violate your principles?

Mr. WALLACE. My fear of Federal debt comes when the interest on the Federal debt is so large that it radically shifts the proportion of the income to different segments of the community.

Senator BREWSTER. It is just as bad to have that as it is to have capitalists in Wall Street.

Mr. WALLACE. It is what you might call the weight of the "mortmain" or "dead hand" upon the living.

Senator BREWSTER. Yes.

Mr. WALLACE. Frankly, maybe it is because I still feel pretty young, I like, insofar as there is favoritism, to favor—

Senator BREWSTER. The enterprise?

Mr. WALLACE. Productive enterprise.

Senator BREWSTER. Now, in the picture which you presented of the post-war world, I think you would agree that it was a very comprehensive picture of how you felt the world could be rebuilt in a better order?

Mr. WALLACE. I think the eight points in the President's—in the American economic bill of rights are very comprehensive.

Senator BREWSTER. Yes. You would agree that while the Secretary of Commerce has perhaps in the peacetime economy the primary responsibility for promoting commerce and business enterprise, that what you pictured to us would take in the functions of many of the other Cabinet positions, in that in the foreign trade into which we entered we would be concerned with the State Department, in the cartels we would be concerned with Justice, in the production of farm products we would encroach on agriculture, in giving 60,000,000 jobs we get into labor—we would even get into Mr. Ickes' Department of Interior, and if you got into breaking up international cartels, as you suggested, we might even have to think about the War and the Navy Departments.

So you would agree, would you not, that while Commerce would have the primary responsibility here, you wouldn't at all envision the possibility of your administering the whole job which you picture, except if you should succeed to another job?

Mr. WALLACE. Certainly not. Of course, every department in the Federal Government at one point or another touches on every other department.

Senator BREWSTER. Yes. So if the Federal loan responsibility should be administered in an independent department as was originally contemplated, and, so far as the Congress is concerned, with a single exception, it has continued the policy, that wouldn't necessarily indicate any disruption of the administrative mechanism?

Mr. WALLACE. Methods can always be worked out, Senator.

Senator BREWSTER. The loan powers are really no more an essential part of the Commerce Department than many of the other activities to which reference has been made.

Mr. WALLACE. After you left this morning, Senator, I went into that in some detail, I think, with Senator Burton.

Senator BREWSTER. I do not desire to have you repeat.

Mr. WALLACE. I indicated to Mr. Burton my experience in the Department of Agriculture with a number of loan agencies that were related to agriculture and indicated the service which Agriculture could furnish to these loan agencies.

Senator BREWSTER. Now, this other question is of a more personal character but I think it is really essential for the record.

I think you would agree that in the letter which Senator Robertson has put in the record the primary and the chief emphasis is on rewarding you with this job for your political activities; is that correct?

Mr. WALLACE. The letter speaks for itself, Senator.

Senator BREWSTER. Why I feel that is of importance—

Mr. WALLACE. Let me say, I have never felt I was primarily a political figure, but I am glad to be recognized as having some competence in the political field, which hasn't always been recognized hitherto. [Applause.]

Senator BREWSTER. I think you will agree that the President is a pretty good judge of politics and politicians.

Mr. WALLACE. It looks like I have passed the first grade.

Senator BREWSTER. Why I asked that is because I think we must have your reaction on this question: Assuming these loan powers remain and there were five or ten or fifteen or twenty billion, some talk about forty billion of loan powers here, to promote this sort of a world in which you believe and which you believe is feasible, I would like to know whether you would consider that the political morality indicated in that letter were going to govern your functions in making loans to Democrats, or other people, or where we get off in the State of Maine.

Mr. WALLACE. Senator, as I look at the vote in Montgomery County, in Maryland, and then at Fairfax County across the river in Virginia in the last election I can't help hoping that maybe the Democrats will get the same percentage of the jobs as they got of the national vote in the last election, namely, 53.6 percent. If 53.6 percent of the people of the United States are Democrats, it seems to me they have the right to 53.6 percent of jobs.

Of course, I also feel, Senator, that it is only good administration that in the policy positions that there be men administering policy who are in sympathy with the policy of the administration, otherwise how can we have good administration. I feel that definitely and clearly, from the standpoint of appointments. I would hope that the Democratic National Committee, under its present management, would show the same high sense of morality as Jim Farley used to show.

Jim never forced a man on me at any time. Jim thought if there were a Democrat with equally high qualifications, he should be given a "break." I haven't been in the strictly executive branch of the Government for the last 4 years. I don't know just what policy has been followed in recent years. But if the same high standards were followed as were followed by Jim Farley in his relation to the Department of Agriculture, I am sure that the Government would be well served.

Senator BREWSTER. Well, I think the record was not in the direction of thinking primarily in terms of political rewards in your former

service as Secretary of Agriculture, I was interested in your "potato phase" as you pointed out, but I didn't know whether you had been corrupted by the experience of recent years in associating with the Senators or not. [Laughter.]

I would like to have a reaffirmation, at any rate, of your conviction that whatever responsibility came to you to administer, if any, in an executive way, you would not use your responsibility primarily or chiefly for political rewards, which is certainly the very embarrassing implication of the President's letter in appointing you.

Mr. WALLACE. I can give you that affirmation, Senator.

Senator BREWSTER. I thought so.

Mr. WALLACE. I can assure you that I will perform as Secretary of Commerce as I performed as Secretary of Agriculture in that respect.

Senator BREWSTER. I shan't even ask you whether you welcome getting the job on this basis or not. I shall form my own opinion about that.

Mr. WALLACE. I think the Senator knows me.

The CHAIRMAN. Any further questions?

Senator BREWSTER. No, sir.

The CHAIRMAN. Senator O'Daniel.

Senator O'DANIEL. Mr. Wallace, in a previous session there was something said about business inexperience and your lack of experience in business and finance prior to your Government experience. That was touched on this morning slightly by you in your explanation of some business transactions you had had. But a former witness was invited, I might say, by a member of this committee, to insert into the record a complete record of his experience in business and finance prior to the Government experience. I want to extend that invitation to you. If you care to accept it, you may insert in the record your business and financial experience.

(The matter referred to is as follows:)

ADDITIONAL STATEMENT OF MR. WALLACE

Senator O'Daniel, of Texas, had asked that I submit for the record, my business experience.

PRIVATE BUSINESS EXPERIENCE

In private life, my chief business experience was in the formation of the Pioneer Hi-Bred Corn Co. After many years of corn breeding experimentation, I decided to form a corporation to produce and market the seed. I personally worked with Mr. Fred W. Lehmann, Jr., an attorney, and the present president of the company, in drawing up the articles of incorporation in 1926. I myself was the president and general manager of the company until I came to Washington in 1933. I personally raised all the money to start the company. I personally chose the key personnel which is still functioning. I personally, with Simon Casady, Jr., designed the first modern seed corn drying and processing plant in the world. I personally went to a heating company in Des Moines and got their engineers started on the problems of producing suitable heaters and blowers for drying seed corn. As a result of my visit this company was stimulated to produce a type of equipment which is now used very extensively by the seed corn companies of the United States. I personally worked out with Nelson Urban, the present sales manager of the company, a method of marketing through thousands of local farmers, which has proved very successful. I personally got in touch with a certain bag company and arranged to market our product in cotton

osnaburg bags instead of burlap. I personally worked out the trade-mark of the company. The company grew rapidly and has continually built more plants, until at the present time there are Pioneer plants in Iowa, Illinois, Indiana, and Ohio. The company has always had to borrow money in the fall. It has always paid the money back in the spring. It has always taken the greater part of its profits, after taxes, to build new plants, or modernize the old ones. Last year the sales were over \$4,000,000.

I was a director, for some years, of the Polk County Building & Loan Association, of Des Moines, Iowa.

I was assistant editor of Wallaces' Farmer until my father went to Washington in 1921, and from that date until 1933 I was editor. The Wallace Publishing Co. (which published Wallaces' Farmer) was owned and managed by my father and uncle. After my father went to Washington, I became editor. My uncle became president and as such in charge of the business management. It is a common arrangement in periodicals to have the editorial department and the business management separated. As editor, and to make my editorial policies sound, I constantly studied farm conditions, farm statistics, business conditions as they affected farming, and that means all business conditions.

I was early familiar with the damage the European corn borer was doing in Europe. I anticipated that it would probably spread to this country and realized how it would cause great damage here. In 1929 I visited the Balkan States to get advance information on the corn borer and how to fight it. I also was delegate to an international economic conference in England.

While I was on this trip the Wallace Publishing Co. decided to buy the Iowa Homestead, a competitive State farm paper. Like all too many of the expansions of that era, this purchase wrecked the purchaser. Anyone who is familiar with the course of corn prices from 1929 to 1932 knows what would happen to a Corn Belt farm paper merger involving heavy 1929 financing.

The net result was that the Iowa Homestead acquired the Wallace Publishing Co., and Dante Pierce, the publisher of the Iowa Homestead, came in charge of the business. I continued to be editor and in charge of editorial policies until I left Des Moines to become Secretary of Agriculture in 1933. In fact, I believe Dante Pierce still considers me editor—on leave of absence. I have no better friend than Dante Pierce.

I have also been connected with and a stockholder of the Capital City Printing Plate Co., located in Des Moines, Iowa. Prior to coming to Washington I was vice president and on the board of directors. This company started small and is today one of the leading companies in its field. It has been active in developing improved electrotyping processes, efficient in serving its customers. It has an up-to-date modern plant and a growing business. Robert R. Myers, the manager, has been the ringleader of the industry in stimulating iron plating, thereby reducing the quantity of copper required. Mr. Myers has also pioneered the use of plastic in making electrotypes molds. This research is revolutionizing the electroplating business.

I do not claim credit for this success. I give all credit to the efficient, loyal management Bob Myers has given the business. I only claim my connection with it rather obviously failed to poison it.

I have operated various farms owned by Mrs. Wallace and these farms served as the physical basis on which the Pioneer Hi-Bred Corn Co. was started.

PUBLIC EXPERIENCE

Financial.—In my prepared statement I summarized very briefly the magnitude of the financial operations which were under my direction as Secretary of Agriculture. That condensed summary gave little indication of the complexity or magnitude of these activities or of the enormous benefit they have been to farmers and businessmen in all parts of the country. Accordingly, I am submitting here some of the more significant details. The facts of these agricultural loan operations have been regularly reported to the public in official documents. These figures are taken from the yearbooks of Agricultural statistics for 1940 and 1941, covering my last year as Secretary of Agriculture.

The total amount of agricultural credit outstanding under Department of Agriculture programs on January 1, 1941, just after I left office, was over

\$4,000,000,000, as shown in table 1. About two and one-half billions of this represented mortgage credit; over one hundred millions loans to farmers co-operative marketing associations; six hundred billion Commodity Credit Corporation commodity operations. There was half a billion in production credit loans to farmers, 170,000,000 through production credit associates, and 312,000,000 through Farm Security Administration rural rehabilitation loans. Rural Electrification Administration, with loans to 755 separate community projects, represented a quarter of a billion. The number of individual loans is not shown for all these operations; the numbers that were shown totaled 1,769,618 of individual loans outstanding at that time. (In comparison, Mr. Jones listed only 17,084 small-business loans in his testimony, in addition to the loans made to the handful of big corporations and banks with which Reconstruction Finance Corporation has done the bulk of its business.)

TABLE 1.—*Amounts and number of loans outstanding in major agricultural credit programs, Jan. 1, 1941*

	Number of loans (where available)	Total amount
Mortgage credit:		
Federal land-bank loans.....	613, 098	\$1, 851, 218, 349
Land-bank commission loans.....	432, 567	646, 660, 000
Farm Security Administration tenant-purchase loans.....	12, 994	75, 354, 518
Intermediate credit:		
Federal intermediate credit banks:		
Production Credit Association.....		169, 565, 000
Banks for cooperatives.....		15, 554, 000
Direct loans to cooperatives.....		1, 490, 000
Others.....		33, 116
Farm Security Administration rural rehabilitation loans.....	737, 204	312, 786, 000
Emergency crop and seed loans.....		167, 863, 000
Commodity credit:		
Commodity Credit Corporation:		
Loans held by Commodity Credit Corporation.....		280, 218, 000
Held by banks and lending agencies.....		376, 850, 000
Other loans:		
To cooperatives, from Agricultural Marketing Act revolving fund.....		16, 461, 000
Farm Security to cooperative associations.....		14, 941, 000
Rural Electrification Administration loans.....	755	253, 336, 000
Banks for cooperatives.....		74, 405, 000
Subtotal (where number of loans is available).....	1, 796, 618	3, 139, 354, 867
Total.....		4, 289, 817, 867

Source: Agricultural Statistics, 1941, pp. 596-632.

The magnitude of these agricultural loan operations is shown even better by the business done during a single year. Table 2 shows the agricultural loan advances and receipts for my last year as Secretary of Agriculture. Advances that year totaled 1½ billions; receipts, almost 1¼ billions. Excluding the additional 220 millions advanced to farmers on commodities under Commodity Credit Corporation operations, advances and repayments were almost equal in amount for the year. Individual loans made that year, as reported, totaled 285,507, or more than 15 times as many as all the small business loan transactions reported by Mr. Jones for the entire history of Reconstruction Finance Corporation.

These data of actual operations give some idea of the extent of the credit operations which I supervised for the United States as a whole. The extent of these loans is shown further by the numbers and values outstanding in some representative States when I left office, ranging from 31,000 loans for \$18,000,000 in Florida up to 210,000 loans for \$231,000,000 in Texas. These thousands of loans involving hundreds of millions of dollars were placed and collected in every State of the Union, and for over one-quarter of the farmers, without a single charge of graft or personal privilege, so far as I am aware.

TABLE 2.—*Loans made and repayments received during calendar year 1940*

Kind and program	Loans made		Repayments received on current and past loans
	Number	Amount	
Mortgage credit:			
Federal land-bank loans.....	17,027	\$64,275,307	\$117,712,000
Land-bank-commissioner loans.....	21,692	36,391,000	79,068,000
Farm Security Administration tenant-purchase loans.....	6,396	38,522,134	-----
Intermediate credit:			
Production credit associations.....	-----	384,017,000	360,775,000
Banks for cooperatives.....	-----	31,061,000	33,067,000
Intermediate credit cooperative loans.....	-----	4,593,000	4,938,000
Other intermediate credit.....	-----	87,314,000	86,514,000
Other:			
Farm Security Administration rural-rehabilitation loans.....	82,255	94,580,000	57,923,000
Emergency crop and feed loans.....	158,036	18,960,000	18,892,000
Commodity Credit Corporation commodity operations ¹	-----	600,445,000	380,281,000
Agricultural Marketing Act cooperative loans.....	-----	3,094,000	7,180,000
Farm Security Administration cooperative loans.....	-----	3,540,000	149,000
Commodity Credit Corporation cooperative loans.....	-----	14,609,000	13,490,000
Rural electrification loans.....	101	69,237,000	-----
Banks for cooperatives.....	-----	100,455,000	101,893,000
Subtotal (where number of loans is available).....	285,507	321,965,441	273,595,000
Total.....	285,507	1,551,093,441	1,261,882,000

¹ Includes loans, commitments, and commodity purchases.

Source: Agricultural Statistics, 1941, pp. 596-632; 1940, pp. 603-641.

(Table 3 is available if desired.)

Comparative size of the administrative job in Agriculture and Reconstruction Finance Corporation.—In judging administrative capacity, it may be of interest to compare the size of the Reconstruction Finance Corporation and agricultural financial operations at the time I left the Department in 1940. Table 4, based on official publications, makes this comparison:

In 1940 the Reconstruction Finance Corporation authorized a total of 1,303 loans, less than one-half of 1 percent of the number of loans Agriculture made the same year.

The Reconstruction Finance Corporation loaned out 453 millions; Agriculture, 1½ billions. The Reconstruction Finance Corporation received back 345 millions; Agriculture, 1.2 billions. On both items the Reconstruction Finance Corporation operations were less than one-third of Agriculture's.

In 1940 the Reconstruction Finance Corporation collected 76 percent as much as it loaned out that year; Agriculture, 81 percent. Again the agricultural record is as good as Reconstruction Finance Corporation's.

At the end of the year the Reconstruction Finance Corporation had 1.7 billions of loans outstanding, Agriculture, 4.3 billions. Reconstruction Finance Corporation's outstanding total was only 39 percent of Agriculture's.

By every measure, the administrative task of operating the agricultural program was vastly greater than the Reconstruction Finance Corporation's; yet the current collection record was equally good.

Since the war began defense and war financing has greatly increased the work both of the Reconstruction Finance Corporation and the Department of Agriculture. The Reconstruction Finance Corporation has become a central financing agent for many of the war agencies, advancing funds for war construction against promises of war agencies to absorb the losses, if any, from their appropriations for war. Even with this vast increase in its refinancing operations the last published report of the Reconstruction Finance Corporation (for the first quarter of 1944) shows a grand total of only 33,361 borrowers since the organization of the corporation in 1932. Of these loans, only 12,113 were made to business enterprises, including both peace and defense purposes. It would appear from these figures (1) that the burden of administering these business loans would not involve insuperable problems; and (2) that not much aid can have been advanced

by the Reconstruction Finance Corporation, in war or peace, to the hundreds of thousands of small business concerns throughout the country.

The extent to which the Reconstruction Finance Corporation may have helped small business is also indicated by the average size of loans. Excluding the \$7,000,000 advanced to defense plant and other subsidiary corporations in 1940 (no details of the number of loans or other activities of these subsidiaries have ever been published so far as I can determine), the remaining 446 millions of dollars lent by the Reconstruction Finance Corporation in 1940 went to 1,303 borrowers, or \$342,470 per borrower. In comparison, table 2 shows agricultural loans of 332 millions made in 285,507 separate loans in 1940 (including only those programs for which the number of loans is shown), an average of \$1,128 per loan. It is clear from the number of loans and the average size of loans that the Reconstruction Finance Corporation was of very little aid to small businessmen in 1940. Through the whole period from 1932 to the end of 1944 it has loaned to only about 12,000 individual business enterprises or about one-half of 1 percent of all business enterprises in the United States (excluding farming). This may be compared with financial aid given to about a third of all farms by the agricultural lending agencies.

TABLE 4.—*Comparative size of financial operations of Reconstruction Finance Corporation and Agriculture Department, calendar year of 1940*

	Agriculture ¹	Reconstruction Finance Corporation ²	Reconstruction Finance Corporation as percentage of Agriculture
Amounts advanced.....	1, 551, 093, 000	\$453, 239, 000	29. 2
Repayments received.....	1, 261, 882, 000	345, 087, 000	27. 3
Repayments as percentage of advances.....	81. 4	76. 1	-----
Number of loans made.....	³ 285, 507	1, 303	0. 5
Amount outstanding at end of year.....	4, 344, 015, 000	1, 712, 639, 000	39. 4

¹ From tables 2 and 3.

² From quarterly reports of Reconstruction Finance Corporation for 1940, tables 3 and 6.

³ Partial total.

In this connection it might be noted that prior to the war the maximum disbursements by the Reconstruction Finance Corporation in any year were 1,828 millions. That peak disbursement at the height of the effort to check the depression in 1934 was not much more than the usual volume of business in agricultural loans, as shown in table 2. After 1934 the Reconstruction Finance Corporation advances never reached \$1,000,000,000 in any year until after the war began, and in many years were less than one-half billion. This indicates the relatively small place that the Reconstruction Finance Corporation was taking in the financial peacetime activities of the country. During the war, loans under defense financing of the Reconstruction Finance Corporation (backed by public appropriations for war) totaled 13 billions to March 15, 1944; disbursements under all other Reconstruction Finance Corporation activities totaled 12 billions more for the 12 years of the Corporation's life. This average annual volume of business is not much larger than that in the Department of Agriculture before the war, while the number of loan commitments to be examined or serviced in the Reconstruction Finance Corporation is far smaller.

During the war, the Reconstruction Finance Corporation has undoubtedly been a great factor in enabling the war agencies to anticipate congressional appropriations and in enabling war contractors to secure plant, equipment, and funds at Federal expense and risk to carry out their war contracts. Except for this emergency wartime service, however, the Reconstruction Finance Corporation has been much less important in the business sphere than the Department of Agriculture has been in the agricultural. Its administrative task to date, in peacetime operations, has never been anything like so great as the task was in Agriculture.

Experience as an administrator of public funds and organizations.

Administrative.—In 1933 President Roosevelt asked me to develop a farm program, and the farm leaders and I jointly proposed the Agricultural Adjustment

Act, providing a cooperative farmer-Government planning of basic agricultural commodities. There were many prophets of doom then who said the administrative job could not be done, that 6,000,000 American farmers could never work together with Government. Representatives of great food-processing industries testified that the plans were administratively unworkable, that the bill would never do what it aimed at doing, that the markets for farm products would disappear. Acting on the direction of Congress, and under my supervision, the Department of Agriculture did what these gentlemen said was impossible to do. With the help of the administrators I selected and supervised—George Peck, Chester Davis, M. L. Wilson, A. G. Black, Howard Tolley, Cully Cobb, R. M. Evans, and many others, and of the existing staffs of the Department of Agriculture, the Extension Service, and the State colleges of agriculture—millions of contracts were signed with farmers, millions of checks for benefit payments were issued, and order was brought into the agricultural picture. This operation involved a great expansion in the staff of the Department of Agriculture both in Washington and in the field. This staff was built up swiftly and effectively; its decentralized field operations were closely directed by locally appointed or elected committees of farmers without graft or private favoritism and with an operating efficiency that continued the high standards characteristic of the Department.

Without going into the other myriad administrative problems of agriculture developments which Congress authorized during the 8 years I was Secretary of Agriculture, I will merely mention that those included the creation or development of such landmarks in the Nation's agricultural programs as the present Farm Credit Administration; the Farm Security Administration, with its tenant-purchase and rural rehabilitation programs; the soil conservation program; the rural electrification program; the ever-normal granary program, with its operating arm, the Commodity Credit Corporation; crop insurance and regional research laboratories; and a great expansion in Forest Service activities. These new and expanding activities were built up by administrators I selected and led—men with imagination, leadership, and the initiative to make use of the wide authority I delegated to them while keeping control of basic policy. By 1940, when I left it, the Department of Agriculture was carrying on, in the service of farmers and of the general public, a variety of activities far greater than that of most American corporations, with an efficiency and a competence of staff that compares well with that of any other American institution of similar size and responsibility, public or private.

During this period I was responsible for a wide variety of activities that involved direct contacts and arrangements with many phases of American business, such food-processing industries as the millers, packers, and dairy industry, all the textile and clothing industries, tobacco processors, importers and exporters in many different lines, lumber industry, canning industry, warehousing, and many others. Operating programs such as marketing agreements, tax impositions and refunds, imports and exports quotas and subsidies, regulation of packers and stockyards, control of future markets, aid in negotiation of trade agreements, and many others, gave a wide and intimate contact with and knowledge of many phases of American business and its operating and financial problems, and helped me to appreciate the problems that businessmen as well as farmers must grapple with.

In my last report as Secretary of Agriculture, in 1940, I stated:

"The Congress and the President were never able to agree on a comprehensive attack on the farm problem until the depression of the early 1930's produced such an impossible situation on the farms that something had to be done. It was my opportunity to be Secretary of Agriculture at this time of great stress. For the first time the Department was given the responsibility of administering Nation-wide action programs. The rapid results that were obtained are in my opinion a great tribute to the morale and personnel that had been built up in the Department over a long period of years.

"Farm income was increased. Farm foreclosures were reduced. Acreages were adjusted to the fact of greatly reduced European demand. Domestic demand was increased. Farm security was brought to hundreds of thousands of poverty-stricken farmers by means of supervised loans. The number of farms served by electricity was more than doubled. The problem of soil conservation was given comprehensive attention for the first time. * * *

"As I look back over the past 8 years I am proud that I have not allowed the scientific work of the Department to decline in importance. * * * Using the Bankhead-Jones research funds we have set up regional laboratories to

start work on special problems such as poultry disease, truck crops for the South, grass breeding for the Northeast, sheep breeding in the West, soybean research in the Corn Belt, etc. Four great regional laboratories were opened at New Orleans; Philadelphia, Pa.; Peoria, Ill.; and Albany, Calif., this fall. These, fully staffed with chemists and other scientists, can in case of need be of great use in national defense.

"Looking toward the future I am happy that agriculture is in such splendid shape to serve the general welfare. We have large supplies in the ever-normal granary, while at the same time we have protected the farm income with commodity loans. We have increased soil fertility. If national defense requires it, we are in position to expand agricultural production without plowing up the hillsides or the Great Plains. If foreign markets are still further reduced after the war we are in position to make the necessary adjustments by suitable acreage control and by the stimulation of domestic consumption. * * *

"The personnel of the Department has increased from 27,350 in 1932 to 79,035 in 1940. This number includes 2,917 Farm Credit employees. When we take into account the far-flung action programs this increase in personnel is not at all disproportionate.

"Those who urge that the Department is too big and that some of its functions should be transferred to other Departments so as to relieve the overburdened Secretary of Agriculture simply do not understand the problem. As long as problems relate to farmers and the land which they operate, the job belongs to Agriculture. When problems of this sort are put in another Department, the job of being Secretary of Agriculture is made more complicated and difficult. Mere size does not make administration difficult, so long as there is proper staff organization and sufficient harmony of function to tie everything together in a sense of purposeful service."

FINANCING FOR SMALL BUSINESS

In my testimony before your committee on January 25, 1945, I promised an expanded statement of my views on helping small businessmen to obtain needed financing.

Now I want to make it perfectly clear to begin with that assistance to the small businessman is a prerequisite to healthy free enterprise. I believe that free enterprise means more than the right of established business organizations to produce and sell goods under competitive conditions. I believe that free enterprise must also mean the opportunity to move up the economic scale from worker to owner. It must mean the opportunity for the efficient and successful small businessman to expand in proportion to his ability. We must make sure that lack of adequate capital to finance new and expanding business does not become a bar to healthy economic advancement.

Private enterprise in the United States can survive only if it expands and grows, and it can expand and grow only if new enterprises are born and permitted to develop. The lifeblood of private enterprise in America is the new business and the small business. Without more and prosperous small businesses it will be impossible to maintain a healthy economy and high level of employment. Ninety-six percent of the business enterprises in this country have less than 20 workers. More than one-third of the workers in manufacturing and business firms in the country are employed in enterprises with less than 20 workers. We must not forget that these small businesses are the foundation on which the large businesses of the future will be built.

Contrary to what you may have seen in the press, I am not against big business. I want more business and more business enterprises for this country, large and small. We can have efficient progressive business in the future only if we make sure that the seeds for large-scale enterprises are sown far in advance.

It is only when large businesses are constantly exposed to the keen competition of newly formed and expanding businesses that our economy can remain healthy. The day we make it difficult to establish new business and for efficient small business to grow and expand in competition with large business, that day we sound the death knell of private enterprise and give a vested interest to monopoly. The great danger that lies before us, the threat against which we must protect ourselves, is the growing tendency to make it impossible for small businessmen to get enough capital to start and to expand.

There are tremendous new frontiers that await American enterprise. They provide unparalleled opportunity for the millions of the young men and women in the armed forces who will return home and the millions of men and women now engaged in war work who will have to turn to peacetime pursuits. Many of them have acquired specialized knowledge and talent as a result of their war-time experience. America will greatly profit by providing them with an opportunity to use their new knowledge—to use it in the American way. Unless new industrial fields are opened up and old fields are kept open to ambitious and competent young men and women who show reasonable promise for business success, American industry will stagnate. That can mean only unemployment and low wages.

I do not believe the monopolistic businesses of today have any God-given right to keep for themselves the business of this country. Big business must earn the right to remain big by producing at lower cost or by giving the consumer better goods at the same cost while maintaining and improving working conditions for their employees in harmony with the American standard of life.

The cancer of free enterprise is monopoly. Free enterprise thrives on new businesses and the expansion of the smaller ones that have proved successful. America has stood for unlimited opportunity for the man of energy, imagination, and resourcefulness to rise to industrial leadership; and we must insure the continuance of this tradition. The worker must have an opportunity to move from his bench to a small business of his own and through energy and vision build his business into a great enterprise. It was that opportunity which made possible the economic progress of the United States, and it is only by safeguarding this same opportunity that it will be possible for the United States to fulfill its destiny.

There was a time—and not so long ago—when an ambitious young man could start a business of his own with a few thousand dollars. Because of the increased mechanization of industry and the modernization of marketing techniques even a small-size business, if it is to operate efficiently, needs far more capital. But facilities for assuring opportunities to raise such capital by small business have not expanded with the growing need. While it is easy enough for a large corporation to float new equity securities of \$10,000,000 or more at a cost of 5 percent of the issue and to sell these securities on a 5 or 6 percent yield basis, it is practically impossible for a small business to secure \$25,000 or \$50,000 for equity capital, except at a cost of 20 to 25 percent of the issue and the securities must then be sold at a yield of 10 or 12 percent, or even more.

Some small business enterprises do manage to raise capital under these onerous terms. Many more prospective enterprises die stillborn because they cannot even begin to pay such high charges. These figures make it clear that even where a man is fortunate enough to be able to secure financing, he does so at a cost which handicaps him in his efforts to compete with the larger concern that has ready access to capital. No one cognizant of the facts can doubt that inadequate arrangements for financing are important deterrents to the development of new business and the expansion of small business in the United States.

This is not a question of idealism. It is a stubborn fact that small business in this country does not have an opportunity to secure the capital it needs for its development and growth. In my testimony on January 25 I called attention to the fact that some investment bankers fully recognize the great need for new lending devices to assure adequate financing for small business. One of these, Mr. Ferdinand Eberstadt, an investment banker with whom I served on the War Production Board, has developed a proposal for forming local investment companies or pools of capital to be obtained from local businesses, banks, and public-spirited citizens and, where necessary, additional funds could be secured from governments. Now I call your attention to the fact that Senator Taft has introduced a bill designed to aid in the financing of small business enterprise by providing governmental insurance of long-term loans made by banks and insurance companies and of stock when held in the portfolio of investment companies.

The Reconstruction Finance Corporation during the past decade could have been the agency which would have filled this great need. It could have used some of its tremendous resources to help secure financing for small business. It could have struck a tremendous blow for new enterprise and the growth of

small enterprise. But it is clear that it has not made use of that opportunity to any significant extent. According to a recent report issued by the Reconstruction Finance Corporation covering its operations for the period from the organization of the Corporation on February 2, 1932, to September 30, 1944, except for loans for national defense, the Reconstruction Finance Corporation has made less than 9,000 loans to business enterprises over the last 12 years. This is a small number in a country where we have over 3,000,000 small businesses.

I think it is not of overwhelming importance which of several methods we use to help provide financing for small business. It is important only that the Government assist small business in securing from private investors some of its risk capital. It is important to do so without fostering ill-conceived, ill-advised, and highly speculative ventures and without putting the Government in business. The essence of free enterprise is to give well-conceived new business a chance to prove its worth. The capital needed by free enterprise must come from private investors. The role of the Government must be limited to that of an insurer of the extraordinary risks that private investors cannot assume in full. We must make sure that financing such enterprises is possible if we are to have free enterprise providing productive employment to American labor and good markets for American agriculture.

The program which I suggested was that the Government should play its part in helping stimulate the growth and expansion of business enterprises in this country in a manner comparable to the way in which this Government stimulated small home building and home modernization under the Federal Housing Administration program. Just as under the Federal Housing Administration program private homes were built and modernized by private contractors, and financed by private institutions, so under the program I have suggested the business enterprises would be privately owned, privately operated, and privately financed. Just as under the Federal Housing Administration program the Government shared with private lenders certain risks involved in financing the building and modernizing of small homes, so under the program I have suggested the Government would be sharing with the private investors certain risks involved in financing the growth of new business and the expansion of existing business. The Government would merely facilitate financing, without in any way acquiring ownership or assuming responsibility for management.

The real enemies of the American way of doing things are those who oppose constructive measures to insure the development and growth of private business in this country. If we make the American system of free enterprise work in time of peace with the same outstanding success that it has achieved in time of war, we need have no reason to fear the spread of any "ism" in this country. If we do not make an American system of free enterprise work, then there is real danger that our American way of life will be threatened. The total answer to any threat of the spread of "isms" in this country is production to capacity in peace as we have produced to capacity in war, thus providing full employment and a better life for all.

Senator O'DANIEL. And another question which I would like to go into, I would like to call your attention to a book supposed to be authored by you entitled "Whose Constitution."

Do you recognize or admit the authorship of that book?

Mr. WALLACE. I do, sir.

Senator O'DANIEL. You have not changed your mind as to the ideas expressed in that book?

Mr. WALLACE. Probably not, Senator. I have of course changed my mind on certain matters in the course of the years like all—

Senator VANDENBERG. Authors?

Mr. WALLACE. Like all others.

Senator O'DANIEL. That being the case, I would like to have inserted in the record the concluding six paragraphs of that book. You have no objection to that?

Mr. WALLACE. No. It is your privilege, Senator.

Senator O'DANIEL. Thank you.

The CHAIRMAN. Is that all?

Senator O'DANIEL. That is all.

The CHAIRMAN. Senator McClellan.

Senator McCLELLAN. Mr. Wallace, for the record and for my own information I would like to have you state just what changes in the policies of administration of the R. F. C. and the other loaning agencies you have in mind to make, if any, if the George bill is not enacted and this responsibility rests upon you as Secretary of Commerce.

Mr. WALLACE. Well, I think that is what the President might call a very "iffy" question.

Senator McCLELLAN. No. If you have any changes in mind.

Mr. WALLACE. I have indicated a general policy that might be followed subject to the will of Congress and the President in the post-war period.

Senator McCLELLAN. Yes.

Mr. WALLACE. In the immediate war period—well, I would say the first things that I would want would be to have some competent agency discover exactly what is the status, the financial status of R. F. C. Frankly I wouldn't want to take it over until there had been a pretty careful examination and I wouldn't care to express much further opinion until that examination had been made. That is, I wouldn't want to become responsible for it until that examination had been made. I would want some cut-off date definitely established. As you are well aware, the agency has never been subjected to the ordinary Budget Bureau or General Accounting Office procedure.

Frankly, I think you have to know just exactly what the R. F. C. consists of before you can state what should be done. I have tried to get certain figures with respect to the R. F. C. I find them quite difficult to get.

Senator McCLELLAN. It was your statement this morning that prompted me to ask that question and it also prompts me in asking this question—

Mr. WALLACE. There is one particular matter which I think becomes very important in the post-war period and that is the whole matter of small-business loans.

Senator McCLELLAN. Well, do you have in mind that the R. F. C. should supersede the Smaller War Plants Corporation which has been set up for that purpose?

Mr. WALLACE. No. If the Senator is particularly interested in that field he no doubt knows that the R. F. C. has engaged in some small business loans. I think the volume is somewhat larger than was suggested this morning, from what I can discover.

The CHAIRMAN. It was testified yesterday that the volume was \$1,900,000,000.

Mr. WALLACE. Of small business loans?

The CHAIRMAN. Yes. That includes the war period. He gave it in a break-down. Not a great deal prior to the war but since the war started.

Mr. WALLACE. I think it is somewhat larger than was suggested this morning.

The R. F. C. is engaged in small business loans. The Federal Reserve banks are operating in the small business field. There are also the loans by the Smaller War Plants organization. There is also a certain volume of small business loans through the Army and Navy. And there are also small business loans coming up around the corner under the G. I. bill or rights. There are several pieces of legislation pending, like the Wagner-Spence bill, and the Voorhis bill.

So it seems to me that at the present time the power is quite considerably diffused and deserving definitely of a study by Congress to enable the small businessman to be served in a more clear-cut fashion.

Senator McCLELLAN. Is it your idea that small business loans should be made by the R. F. C. or some other organization?

Mr. WALLACE. I think the Congress should look with some care into the way in which there might be coordination between these various agencies that do serve the small businessman.

Senator McCLELLAN. Yes.

Mr. WALLACE. Insofar as local finance agencies can take care of the small businessman, the more they can take care of them the better it is, because the local financial man must be familiar with the kind of risk involved, he is more sympathetic to what the community needs, more understanding of the character of the man who is borrowing the money. But, unfortunately, as I pointed out this morning, the character banking that we used to have prior to 1913 has largely, passed out of the picture. The examinations by the bank examiners are so strict that the local banker has not been able to service the small businessman in the field of long-time loans to the extent that the small businessman needs to be served or to the extent that he used to be served in the first decade of this century.

I think there is a definite need to fill that institutional gap in financing. I would conceive it definitely to be the function of the Department of Commerce to give that whole question the most careful study in order to determine what kind of effective cooperation might be worked out between the various agencies financing the small businessman.

Senator McCLELLAN. It was your remark this morning that prompted me to ask the first question that I did with reference to what change in policy, if any, you had in mind with respect to the administration of these agencies, and as I understood this morning you recommended or suggested that the Congress create a committee to investigate the R. F. C. and these agencies.

Now, I would like to ask you in that connection was it your purpose to imply that they have been mismanaged in the past and therefore there was need for investigation, or did you have in mind that the investigation was to determine with respect to changes in policy?

Mr. WALLACE. Well, I would feel it would be a very definite service to me if Congress would take a very careful look at the whole picture to see exactly what might be there. I don't know what is there and I don't know whether anyone in Congress knows exactly what is there.

Senator McCLELLAN. Or in any of the other agencies; it is difficult to keep up with all of them.

Mr. WALLACE. The other agencies have been subjected to regular governmental procedures.

Senator McCLELLAN. I don't think all of them have.

Now, may I ask you another question? In this war program and the necessities of war there must be spending, of course. The national debt has been discussed in connection with this program that you have outlined this morning, and you discussed also briefly, I believe, how this program might be carried out, and to what extent it may be necessary for the Government to finance it.

Do you have in mind now to what extent it would be necessary to expand the functions of these lending agencies in order to carry out the program that you have outlined? I mean, with respect to loan authority and the spending authority. In other words, how much it will take from the Federal Government in outlay of money to finance it.

Mr. WALLACE. I would think, Senator, that that might well be the subject of hearings that would take this committee and the Appropriations Committee several weeks to go into and I certainly could not be expected to give an offhand opinion on that.

Senator McCLELLAN. In other words, you have not come to any conclusion about it yourself; you can give us no idea or opinion of the amount that would be involved?

Mr. WALLACE. Certainly not, Senator.

I can say this, Senator, that judging from past statistical records, if you wish to get a total output of goods and services in excess of \$170,000,000,000 a year, it will require about—something between 35 and 40 billion dollars of what is known as capital formation to do the job.

Senator McCLELLAN. How much?

Senator BREWSTER. You mean billion?

Mr. WALLACE. Billion, yes. Between 35 and 40 billion dollars of capital formation. That is a very technical phrase and does not mean investment. That itself would require extensive hearings to go into and explain and I don't have the figures with me and it would convey a false impression if the break-down is not before you.

Senator McCLELLAN. As I understand at present the loaning authority or the authorization of expenditures for the R. F. C. is \$14,000,000,000. Do you mean by what you have said that that authority would have to be extended?

Mr. WALLACE. I didn't mean that at all, Senator.

Senator McCLELLAN. I wanted to get that clear.

You didn't answer my other question quite completely with respect to whether by request for this committee for an investigation you meant to imply, and I don't think you did, that there had been mismanagement in the R. F. C., but rather you wanted that for constructive to purposes to enable you to determine where improvement might be made.

Mr. WALLACE. I think, Senator, that it would be only fair to whoever administers the R. F. C. that he have a clean page to write upon, that he knows exactly where he is. Any county auditor, when recently elected, takes that precaution.

Senator McCLELLAN. I just wanted to clarify that for the record, if that was what you had in mind by the recommendation you made to the committee this morning.

Mr. WALLACE. I do not express any opinion one way or the other. Senator McCLELLAN. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Wallace, what you have in mind is that when you took over you would want an audit in order to have a base behind you to do your work in the future?

Mr. WALLACE. That is right.

The CHAIRMAN. The other matter you spoke of, the annual formation of capital of \$35,000,000,000 a year——

Mr. WALLACE. I may say that the comparable figure in the pre war period was about \$20,000,000,000 of capital formation.

The CHAIRMAN. I was going to ask if the normal was not about \$5,000,000,000.

Mr. WALLACE. The normal is about \$20,000,000,000 of capital formation.

The CHAIRMAN. New capital investment?

Mr. WALLACE. No; not new capital investment. What is known as capital formation.

The CHAIRMAN. The new capital investment each year normally is between 4 and 5 billion dollars.

Mr. WALLACE. That is capital investment; yes.

The CHAIRMAN. That is according to the Federal Reserve report.

Mr. WALLACE. That is right.

The CHAIRMAN. That kept the country on a pretty even keel.

Mr. WALLACE. Incidentally, that was almost exactly the same as the increase in the total debt during the decade of the 20's.

The CHAIRMAN. Your idea is to supplement that by Government financing?

Mr. WALLACE. No; I didn't say that, Senator. It might be necessary.

The CHAIRMAN. You would be for it if it were necessary.

Mr. WALLACE. I hold to this view, that there is, in the final analysis from an over-all national point of view, there is only one type of an unbalanced budget, and that is labor not at work.

The CHAIRMAN. Are there further questions?

Senator PEPPER. I have one or two questions, if I may, Mr. Chairman.

The CHAIRMAN. Senator Pepper.

Senator PEPPER. Mr. Wallace, in further response to the question which was asked, whether you had in mind anything else that might be done to indicate any change of administration or policy in the office of the Federal Loan Administrator, did I understand you to reply, in response to some question, or in your original statement, that you thought the Federal Loan Administrator's office, and all the lending agencies under that office, should be subject to the regular auditing procedures of the Government through the Comptroller General, who answers to the Congress?

Mr. WALLACE. Yes; and also, Senator, to the Bureau of the Budget.

Senator PEPPER. And if you were Secretary of Commerce and had supervising powers over the Federal lending agencies, as an incident thereto would it be your purpose to take steps to see that that were done?

Mr. WALLACE. I would feel it were a very great safeguard, Senator. I may say in this connection that a very comprehensive program and list of recommendations was made to the President of the Senate on February 10 of 1940 by the Secretary of the Treasury in response to a Senate resolution with regard to governmental corporations. There was a proposal that a uniform policy be adopted by the Congress with respect to the relations of corporate agencies to the Federal Treasury, the Bureau of the Budget, the General Accounting Office, and the United States Civil Service. That is the first item. I will not go ahead unless there is some special interest. But there is a total of eight different points made by the Secretary of the Treasury with respect to procedure that he felt was advisable relative to Government corporations.

Senator PEPPER. So as related to the Federal lending agency and the subsidiary agencies thereunder it is your feeling that they should be subject to the regular processes of the auditing of the Comptroller General and the regular supervision of the Bureau of the Budget?

Mr. WALLACE. Without being too doctrinaire, that is the way it seems to me from outside, Senator. That is why I suggested a congressional investigation committee this morning. It is conceivable that the kind of work done by the R. F. C. is such that it would be greatly handicapped if it had to go through the regular governmental procedure. I personally do not think so, but nevertheless the congressional committee, if one is appointed, could look into that to determine the point.

Senator PEPPER. And would you think it proper to include in the jurisdiction of that committee the determination of whether or not the lending agencies under the Federal Loan Agency might be subjected to the Classification Act?

Mr. WALLACE. Yes; I think that would be well worth looking into.

Senator PEPPER. Now, Mr. Wallace, in your administration of the office of Secretary of Agriculture you dealt with loans under the Farm Credit Administration, which included the Production Credit Association and the regional agricultural credit corporations, I believe, corporation and T-loans, Agricultural Marketing Act revolving funds; bank cooperatives, Farm Security Administration, Rural Electrification Administration, and Federal land banks.

That is the list I have. Do you recall whether that is substantially an accurate list of the lending agencies that were under you as Secretary of Agriculture?

Mr. WALLACE. Yes; all those were there. Did you include Rural Electrification?

Senator PEPPER. Yes; I have. Now, I believe you mentioned this morning that there were several billions of dollars loaned by those several agencies while you were Secretary of Agriculture in your 8-year tenure?

Mr. WALLACE. Yes; that is true. The outstanding loans in the fall of 1940 when I ceased being Secretary of Agriculture were about \$4,000,000,000.

Senator PEPPER. About \$4,000,000,000?

Mr. WALLACE. Yes.

Senator PEPPER. Mr. Wallace, would you express an opinion as to whether there are many men in the country who have had a larger experience than your experience in the conduct of the Department of Agriculture and in the supervision of those several lending agencies over a period of 8 years?

Mr. WALLACE. There are several men in Government who have had experience with lending very large sums of money, but I don't think there are many who have had greater experience than this.

Senator PEPPER. Now, some question was asked about the functions of the Department of Commerce, and I believe you stated that you thought the general statutory provisions for the functions of the Department of Commerce were somewhat analogous in substance to the functions of the lending agency. Did you have in mind the language of the statute setting up the Department of Commerce, which reads, among other things, as follows:

It shall be the province and duty of said Department to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries, and the transportation facilities of the United States.

Mr. WALLACE. You are quoting it accurately, Senator. I was only quoting it this morning from memory, sir.

Senator PEPPER. Well, now, some inquiry was made about small business loans. I have before me what purports to be a report of all loans and commitments authorized to business enterprises by the R. F. C. through August 31, 1944, published by the R. F. C. September 14, 1944, wherein it appears that 6,871 loans under \$5,000 were made, totaling about 17½ million dollars, but constituting only about seven-tenths of 1 percent of the total number of loans made by the R. F. C., and showing that there were loans of less than \$10,000 to small business in the amount of 1.7 percent of the total amount of the loans, and less than \$100,000, the total percentage, would be about 12 or 13 percent of the total amount of money loaned; 66.2 percent of all the money loaned was loaned in units of over \$1,000,000.

Without, of course, having known of the individual applications from small applicants and large applicants, would you say that you believe as a matter of policy that it would be in the public interest for greater consideration be given to small business and that that would be worth looking into?

Mr. WALLACE. Yes; based on the record as you have read it. It is difficult now to say just what the full facts may be. I do think the situation ought to be looked into.

Senator PEPPER. Mr. Chairman, if I may, I would like to submit for the record the three statements which I have in my hand, showing the reports of the R. F. C. up to 1940 and then up to 1944, respecting loans to small business.

The CHAIRMAN. They are official, are they?

Senator PEPPER. Yes. They were taken from official reports.

(The tables referred to are as follows:)

TABLE I.—*Reconstruction Finance Corporation: Amount of business loans authorized and disbursed, cumulative as of Feb. 29, 1940, and Mar. 31, 1944, by size of loan*

[Percentages and millions of dollars]

Size of loan	As of Feb. 29, 1940 ¹				As of Mar. 31, 1944 ²				Percentage changes over 1940	
	Authorized		Disbursed (actual)		Authorized		Disbursed (estimated)		Authorizations (per-cent)	Disbursements (per-cent)
	Value	Per-cent	Value	Per-cent	Value	Per-cent	Value	Per-cent		
Under \$5,000.....	\$7.5	1.6	\$4.9	1.7	\$17.2	0.7	\$6.9	0.7	129.3	40.8
\$5,000 to \$10,000.....	11.5	2.5	7.0	2.4	25.7	1.0	10.3	1.0	123.5	47.1
\$10,001 to \$25,000.....	32.1	6.9	19.9	6.8	75.6	3.0	30.5	3.0	135.5	53.3
\$25,001 to \$50,000.....	41.1	8.8	23.8	8.1	98.4	3.9	39.6	3.9	139.4	66.4
\$50,001 to \$100,000.....	61.7	13.2	38.3	13.0	149.8	5.9	60.3	5.9	142.8	57.4
\$100,001 to \$200,000.....	64.4	13.8	42.5	14.5	140.7	5.5	56.7	5.5	118.5	33.4
\$200,001 to \$500,000.....	90.7	19.5	62.1	21.1	202.3	7.9	81.4	7.9	123.0	31.1
\$500,001 to \$1,000,000.....	47.3	10.1	31.9	10.8	139.6	5.5	56.2	5.5	195.1	76.2
Over \$1,000,000.....	109.9	23.6	63.4	21.6	1,691.0	66.6	680.9	66.6	1,438.7	974.0
Total.....	466.2	100.0	293.8	100.0	2,540.3	100.0	1,022.8	100.0	444.9	248.1

¹ Temporary National Economic Committee Monograph No. 17, Problems of Small Business, p. 300.² Reconstruction Finance Corporation Summary of Authorizations. Disbursements are estimated on the basis of total disbursement figure of \$1,022,800,000 furnished by the Reconstruction Finance Corporation, by assuming a distribution parallel to that of authorizations. Note that total disbursement figure of \$1,022,800,000 disagrees slightly with the disbursement of \$1,008,000,000 used by Mr. Jones in Washington Star.TABLE II.—*Reconstruction Finance Corporation: Number of business loans authorized and disbursed, cumulative as of Feb. 29, 1940, and Mar. 31, 1944, by size of loan*

Size of loan	Feb. 29, 1940 ¹				Mar. 31, 1944 ²		
	Authorized		Disbursed		Authorized		Percent increase, 1940 to 1944
	Number	Per-cent	Number	Per-cent	Number	Per-cent	
Under \$5,000-----	3,332	36.6	2,462	40.5	6,738	32.3	102.2
\$5,001 to \$10,000-----	1,412	15.5	874	14.4	3,262	15.6	131.0
\$10,001 to \$25,000-----	1,739	19.1	1,095	18.0	4,331	20.7	149.1
\$25,001 to \$50,000-----	1,032	11.4	605	9.9	2,599	12.5	151.8
\$50,001 to \$100,000-----	786	8.6	502	8.3	1,964	9.4	149.9
\$100,001 to \$200,000-----	421	4.6	282	4.6	946	4.5	124.7
\$200,001 to \$500,000-----	278	3.1	193	3.2	627	3.0	125.5
\$500,001 to \$1,000,000-----	63	.7	44	.7	187	.9	196.8
Over \$1,000,000-----	40	.4	26	.4	228	1.1	470.0
Total-----	9,103	100.0	6,033	100.0	20,882	100.0	129.4

¹ Temporary National Economic Committee Monograph No. 17, Problems of Small Business, p. 300.² Reconstruction Finance Corporation—Number and distribution of disbursements to Mar. 31, 1944, not available.

TABLE III.—*Size of all loans and commitments authorized to business enterprises by Reconstruction Finance Corporation, through Aug. 31, 1944*

[Excludes loans and commitments to subsidiaries of Reconstruction Finance Corporation, Defense Homes, and Great Britain]

[Published by Reconstruction Finance Corporation Sept. 14, 1944]

	Number	Percent	Amount	Percent
\$5,000 and under.....	6,871	3.8	\$17,588,440.29	0.7
\$5,001 to \$10,000.....	3,367	15.6	26,472,512.04	1.0
		47.4		1.7
\$10,001 to \$25,000.....	4,462	20.7	77,882,835.77	2.9
\$25,001 to \$50,000.....	2,701	12.5	102,329,096.02	3.8
\$50,001 to \$100,000.....	2,063	9.6	156,921,782.56	5.9
\$100,001 to \$200,000.....	1,002	4.6	149,182,989.43	5.6
\$200,001 to \$500,000.....	673	3.1	217,540,560.12	8.2
\$500,001 to \$1,000,000.....	205	1.0	151,765,616.47	5.7
Over \$1,000,000.....	245	-1.1	1,762,797,564.22	-66.2
Total.....	21,589	100.0	2,662,481,396.92	100.0
Average of all loans and commitments.....			123,325.00	

Senator PEPPER. Now, Mr. Wallace, this morning I believe you were questioned, after you had made some comment in your original statement about some laxness on the part of the R. F. C. or the lending agencies in the acquisition of critical material or in the expenditure of money for purposes of strategic or critical material.

I would like to read to you just two or three things and ask if that is the kind of thing you had in mind or if it is not the kind of thing you had in mind. I read a copy of a letter from Mr. E. R. Stettinius, Jr., dated November 25, 1940, to the Honorable Jesse Jones, Federal Loan Administrator, Washington, D. C., as follows:

There has been some question raised as to the speed with which the arrangements for the production of synthetic rubber are progressing. This is only to be expected, because it may be a matter of vital importance in the defense effort. I want to take this opportunity therefore to make a matter of record this Division's responsibility in the program.

You will recall the unsatisfactory situation which resulted in conversation carried on between representatives of the industry and both the Reconstruction Finance Corporation and the Industrial Materials Division of the Defense Commission. At your request, therefore, and with the approval of the Congress, I turned the whole matter over to you for final determination. With my letter to you of October 23 was enclosed a copy of my report to the Defense Commission and the report of this Division's chemical group outlining the synthetic-rubber situation. The same material was sent to the President on that date, together with the covering memorandum, making it clear that the whole synthetic rubber situation had been turned over to you.

You are thoroughly familiar with these facts. I have felt it desirable that it be perfectly clear that the Industrial Materials Division of the Defense Commission is not now considering itself responsible for the developments in this matter.

Sincerely yours,

E. R. STETTINIUS, Jr.

Now, just a couple of excerpts from the testimony given to the Truman committee on April 2, 1942, by Mr. W. S. Farish, president, Standard Oil Co. of New Jersey. [Reading:]

On January 15, 1941, Standard submitted to the Reconstruction Finance Corporation a complete plan under which it offered to construct a plant for the production of butadiene, to be financed 75 percent by the Reconstruction Finance Corporation and 25 percent by Standard. Nothing came of this proposal.

In September 1941 the Rubber Reserve Company instructed Standard to suspend all work on the Government Baton Rouge butadiene project for 1 year. Notwithstanding the cancellation of the engineering work on the 15,000-ton buta-

diene plant, Standard continued this work at its own expense. Therefore, when Pearl Harbor changed the whole Government attitude toward synthetic rubber and Reconstruction Finance Corporation telegraphed Standard to go ahead, the engineering work had advanced 3 months. Practically no time had been lost as a result of the Government cancelation of the project in September.

Then, further, there was this testimony by Mr. Howard, Mr. Frank A. Howard, vice president, Standard Oil Co. of New Jersey, and he is addressing Mr. Fulton, chief counsel of the committee:

There is a great deal of correspondence, I am sure, that you have, Mr. Fulton, that shows that we didn't believe the reduction of the 40,000-ton program to a program of four shadow plants, each with a capacity for only 2,500 tons, was a wise decision.

And, further, his testimony continues:

From that conclusion of ours, we succeeded in getting—or at least we or others succeeded in getting—the Reconstruction Finance Corporation to reverse itself very soon.

MR. FULTON. On that I noted that in September, some 5 months later, the Rubber Reserve instructed you to suspend all work on your butadiene project, which you, of course, did not do, but did they reverse their position on this 2,500-ton matter before Pearl Harbor?

MR. HOWARD. Oh, yes, sir. They had reversed that position sometime quite early in 1941. I am sure before the middle of the year they had reestablished their minimum program at 40,000 tons.

MR. FULTON. And it destroyed the shadow program of four 2,500-ton plants?

MR. HOWARD. They enlarged it back up to the place where it had started.

Was that the sort of thing you had in mind?

MR. WALLACE. That is the sort of thing I had in mind.

I may say, Senator, that the first visit I paid to Mr. Stettinius, when he had his office over in the Federal Reserve Building, was on the subject of synthetic rubber, because of the fact that we had in the Department of Agriculture a chemist who had been with the Standard of New Jersey, had been working on butyl rubber; and while we were not in the war yet, I felt that Mr. Stettinius should be getting into the rubber picture with the utmost vigor. Mr. Stettinius agreed. I know that other gentlemen in positions of authority to help did not share the alarm which I felt about it and which I think Mr. Stettinius felt. That does not in any way impugn their patriotism or their standard of high business conduct.

Senator PEPPER. Now, Mr. Wallace, I think it is only fair to you, if your memory is not clear on the exact words in the last six paragraphs which the able Senator from Texas asked if you still subscribed to, that I might read those paragraphs so that you have them before you to make any comments on them that you care to make [reading]:

The cue for solution of our present problems lies in the Constitution itself, in its declaration of the united purpose of the people, through government, to deal with the eternal problems of justice, liberty, and the general welfare. These problems take new forms; previous mechanisms may not suffice to meet them. New concepts of how to approach them arise in a new age. It would be contrary to the very spirit in which the men of 1787 acted to shrink from the general welfare today. The Constitution itself was the product of a deep conviction that instruments of government are devised by men for furthering the reason for being. Not to use the Constitution in that spirit, but to set it up as a sacred and changeless authority on changing material conditions, is to deny the kernel and worship the husk.

Today we need a great many more persons who will become as deeply motivated by the idea of cooperative economic society as the young men of 1776 and 1787 were motivated by the idea of a democratic political society. The one is the living stream of thought for the twentieth century as the other was for the

eighteenth. I believe the majority of American people are already receptive to the general purposes and possibilities of a cooperative commonwealth. They want more security in sickness, in old age, in unemployment; they want a wider distribution of the good things of life; and they have become disillusioned of the system, in its present self-contradicting form, of free competition and devil take the hindmost as a method for reaching those ends. The movements for achieving such ends is indicative of the feeling of many people. The need is for a body of people in accord on general aims, as idealistic and as realistic as were the young Federalist of 1787, to channelize thought and initiate and consider proposals which may lead to a cooperative society. The means for conveying ideas are certainly more extensive than they were in the 1780's, even though there are 30 times as many people to reach. Perhaps the very multiplicity of means makes for confusion. But we may well profit by the example of the young men of 1787 who used the Federalist with such effect, in utilizing similar national forums for analyzing and propagating new proposals. By such means, by the give-and-take of discussion, by the determined effort of persons themselves convinced and thus able to convince others, new concepts will eventually take form in social mechanisms.

It seems to me that thoughtful people today, in relation to prospective action, stand somewhat in the position of thoughtful men in the early 1780's. At that time they were increasingly aware that the set-up under the Articles of Confederation was not working out to meet national problems in an adequate way. They were thinking, suggesting, comparing ideas and plans, wondering what action was necessary, wondering what form it should take, whether the articles needed amendment, revision, or what. They had not got to the point of actually formulating a definite plan.

Similarly, thoughtful people today are wondering what action will be needed. They know that solution of our present problems will eventually require a new kind of statecraft as effective in the economic field as was the statecraft of Madison, Hamilton, and the others in the more purely political field. The precise form of statecraft which will be required, however, does not yet appear. Thoughtful people today believe that the Constitution provides ample scope for evolution toward the new form of statecraft. Much depends, however, on the way old or new legislation under the Constitution is used by pressure groups. Much depends on whether the plain intent of the Constitution to enable Government to promote the general welfare can really be effectuated under modern economic conditions. If this book has shown anything, it has shown that the present relationships of economic groups and the present scope of individual and governmental action do not work out sufficiently toward the general welfare. If it raises any question of immediate concern to all of us, it is: Who owns the Constitution, if not the people as a whole?

If our more privileged and powerful people under the present rules of the game—financiers, corporation lawyers, and directors—resolutely fail to understand the signs of the times, one type of statecraft may need to be evolved. If they are alive to the necessity for making certain fundamental changes in order to preserve the general welfare quite a different form of statecraft may be in order. One situation might eventually require amendments to the Constitution. Another might require nothing in the way of constitutional changes. In various countries of the world in the past, privileged classes have often acted in such a way as to make gradual change impossible and have precipitated violent action. Some countries, as for example Sweden, have shown a capacity for gradual change, and have made steady progress in the direction of cooperative organization and intelligent social action.

We in the United States should eventually be prepared if necessary to work out in the spirit of Madison a mechanism which would embody the spirit of the age as successfully as the Constitution of 1787 mirrored the philosophy of the eighteenth century. We may hope that such action can be taken as bloodlessly as the Constitution was enacted and that the handiwork will be as enduring. This will undoubtedly be possible if a spirit of common sense prevails; and if we use our Constitution as Hamilton anticipated it should be used, such action may not be necessary at all.¹

America's contribution in 1787 to world governmental practice was enormously significant. It is my belief that in the spirit, if not in the form of 1787, the United States can, in the not too distant future, make again fully as great a

¹See art. 34 of the Federalist, as quoted on p. 205 of this book.

contribution to the productivity and ordered welfare of the peoples of the world and perhaps an even greater contribution to the consuming power and happiness of all the nations.

Senator BREWSTER. I want to ask one question. It seemed to me the record had been blurred a little from the beginning, from your categorical statement as I understood at the conclusion of your statement this morning, that if the loan agencies were given to you as Secretary of Commerce you propose to use all the power they contain to carry out these objectives which you have outlined to us.

Mr. WALLACE. Subject, of course, to the President and Congress.

Senator BREWSTER. You mean if Congress should make a change, you would recognize that change? In connection with that, I invite your attention to your potato cuts.

Mr. WALLACE. Senator, I wanted the Senators and Congressmen to think it over again and again before they insisted we go ahead with the compulsion of the potato cuts.

Senator BREWSTER. You did make the statement you would use all the powers of the office to advance what you believed was the goal.

Mr. WALLACE. Subject, of course, to——

Senator BREWSTER (interposing). To future action?

Mr. WALLACE. No; subject, of course, to the regular Governmental checks, by which I refer not merely to Congress and the President but quite possibly also the Budget Office and Accounting Office.

Senator BREWSTER. As you know, in this case the loan agency is not subject to either the Budget or the General Accounting Office, so you are taking the powers, the same powers possessed by Mr. Jones, which, as you know, are very unlimited. He pointed out to us yesterday he made loans of many billions; we did not get clear how many billions were involved, but it certainly was in character with this revolving fund that he could loan that amount at any time to any person for any purpose. I think that was his plain statement. So there would be very great powers possessed here, and if then they were to be used for the purposes you outlined it would certainly go outside the purpose which I think the Congress had in view when they enacted the law.

Mr. WALLACE. I think the Congress ought to step in and review the whole situation, as I suggested this morning, but I also suggested what could be done.

Senator BREWSTER. Could be done?

Mr. WALLACE. What could be done.

Senator BREWSTER. You are not modifying that statement in any way?

Mr. WALLACE. No; I am not modifying that statement in any way; neither am I suggesting any arbitrary use of power.

Senator BREWSTER. This is not arbitrary at all. I mean if you use the powers Mr. Jones has to accomplish your different concepts of the public welfare.

Mr. WALLACE. Frankly, I think undoubtedly the Congress would have to pass on those items, there is no question about that.

Senator BREWSTER. They would not under the present law.

Mr. WALLACE. I think they would.

Senator BREWSTER. Why do you say that?

Mr. WALLACE. I am sure Congress would have to pass on that.

Senator BREWSTER. You mean to say you would not exercise the powers which you possessed?

Mr. WALLACE. You see, I started out with unemployment.

Senator BREWSTER. Yes.

Mr. WALLACE. Obviously, under the R. F. C. as it now exists, under section 5 (d) of the R. F. C. Act, there is a provision there for loaning money to prevent unemployment.

Senator BREWSTER. Yes, yes, and for manufacture, there is a provision in that for manufactures which was not subject to the President, I think, but they could aid manufactures.

Mr. WALLACE. Insofar as I have already been granted power by Congress, I have served notice on Congress that I would do my best in the loaning, to carry out what is set forth in section 5 (d).

Senator BREWSTER. I just wanted to be sure that the questions which Senator O'Daniel and Senator McClellan asked did not mean you modified in any way your determination to use the power given you to do everything humanly possible in the direction the powers were set forth.

Mr. WALLACE. Insofar as the powers have been specifically set forth by Congress, I would carry them out for the objectives which I set forth this morning.

The CHAIRMAN. Are there any further questions?

I think Senator Tobey desires to ask a question.

Senator TOBEY. Mr. Wallace, last October, in reading the Washington Post, the issue I think of the 16th of October, there came to my eye an article telling about a statement made in Muncie, Ind., in the course of political debate. There you made this statement, and I would like to read it to you:

Mr. Wallace said, "After the war we can buy twice as many automobiles as we did in the past. We can buy twice as many refrigerators. To make these things possible we need only the money."

As to where the money will come from, you answered:

From a man who will do more than give the green light to Wall Street.

Did you refer to the President?

Whom did you refer to?

Mr. WALLACE. I was referring to Franklin Delano Roosevelt when I made the statement.

Senator TOBEY. Where is the money coming from to buy twice as many refrigerators and twice as many automobiles as we had in the past?

Mr. WALLACE. The money is coming from men fully at work, at full wages.

Senator TOBEY. The statement is: "twice as many * * * as * * * in the past." That means after the war. Is that your belief?

Mr. WALLACE. I am sure it can be done, Senator. As a matter of fact, if we are to have full employment we shall have to consume nearly twice as many automobiles and twice as many refrigerators.

Senator TOBEY. One other question. I think this morning you expressed what has been in my heart for many years, that is that you are hostile to cartels. I believe you have expressed yourself before on that?

Mr. WALLACE. Yes.

Senator TOBEY. I would like to present to your mind an article which you wrote, which appeared in the New York Times Sunday magazine issue about a year or a year and a half ago, the substance of which is that with the aftermath of the war you would discard a large part of the productivity set-up in the synthetic-rubber industry in this country and go back and purchase from the old order. Is that correct?

Mr. WALLACE. That, Senator, is not quite fully stated.

Senator TOBEY. How would you phrase the article?

Mr. WALLACE. There did seem to be some misunderstanding there. I think it is clear in the article, and if it is not clear it was made clear later on, that I think it is regrettable to put a tariff on rubber merely in order to keep these synthetic plants going. I feel that a tariff would put a burden on every automobile user. I feel the synthetic-rubber plants should be kept going, but not in an extensive way, if it requires a tariff to keep them going.

Senator TOBEY. But over against that, if you returned to the old order and brought out rubber from the original supply, which was controlled by the largest cartel in the world, perhaps, the British and Dutch cartel, we would have a repetition of the very thing that you and I abhor, would we not?

Mr. WALLACE. I have been very strong, over a period of many years, for the development of rubber production in Latin America. I share with you your feelings in regard to the cartels of the Far East, whether they have had to do with rubber or with quinine.

Senator TOBEY. Of course, under that cartel you and I know that sometimes the price went from 2 cents to \$2, depending on the whims of the cartel.

Mr. WALLACE. I think the highest price was reached in November 1925, when it was \$1.30 a pound.

Senator TOBEY. It is amazing when you contrast it to the low price that it sometimes has come down to. It is a rigged market, rigged production, and I do not want to see that returned. When we pay \$20,000,000 to build a synthetic-rubber industry I say we should keep that on the job in case we have another war.

Mr. WALLACE. I agree, Senator. Rubber, I might say, has been a hobby of mine for some time. I probably worked as hard to avoid our being "caught with our pants down" with respect to rubber as anybody in this country. I think the record will prove that, Senator. But neither do I think this situation should be used to enrich anything in the nature of a domestic cartel. And remember this: It is an old, old democratic saying that the "tariff is the mother of monopoly," and you should be a little careful before you use the tariff at the expense of the American automobile user, merely to build up a domestic synthetic-rubber cartel.

I do think we want to utilize everything we have found here in the course of the war.

Furthermore, if we found, as the result of our war experience, that we can make rubber cheaper than it can be produced in the natural way, rubber of a superior quality, I am all for it, but if it is more expensive, why, I think it would be a serious mistake to soak the American consumer, unless there is a campaign of national defense involved, and in that case I would suggest we consider our

Latin-American neighbors, we should survey the situation to see to what extent we can produce rubber close to our shores, if natural rubber can be produced cheaper than synthetic rubber.

Senator BREWSTER. You realize, don't you, that the price of rubber in the Dutch East Indies is dependent on the standard of living of the men producing it? You would not advise having competition on that basis, would you?

Mr. WALLACE. Their wages were deplorably low, Senator. As a matter of fact, that is one of the great difficulties in building up the Latin-American rubber industry. But I may say this also, that science works in the biological world just as much as in the world of inorganic matter. Science has done some very remarkable things in the way of rubber breeding, and I am beginning to think it is possible to produce rubber at 6 to 8 cents a pound in Latin America, because of the high productivity of some of these rubber clones that have recently been discovered.

Senator BREWSTER. What kind of wage would you pay the workers?

Mr. WALLACE. The workers could be paid a much higher wage than the workers in the Far East.

Senator TOBEY. Mr. Wallace, I would like to say for the record in reference to your work in the Board of Economic Warfare and your appearance before the Banking and Currency Committee of the Senate in which you gave an account of the new development, I think it is a very constructive piece of work. The Nation and the world are benefited by that work of the Board of Economic Warfare very materially, and that is also true with reference to quinine.

The CHAIRMAN. Are there any further questions? If not, we thank you, Mr. Wallace. You have very thoroughly discussed the matter before us and given us your views. We will excuse you as a witness and we will go into executive session.

(Following is additional testimony submitted by Mr. Wallace for the record:)

ADDRESS BEFORE THE COMMUNITY FORUM, PITTSBURGH, PA., JANUARY 3, 1938, ON
THE COMMUNITY OF INTEREST BETWEEN LABOR, CAPITAL, AND AGRICULTURE

* * * But businessmen in general are not seeking predatory profits.

Business does want a chance to earn an honest return on true investment values. This it can hope to get in the long run only through balanced abundance. Business cannot hope for long to cover the overhead costs of its plant if it operates at 25 or 50 percent of capacity. It must recognize that profits are the reward of initiative and leadership and that ancient plants eventually become valueless. Any attempt over long periods of time to operate at limited capacity and to maintain the values of obsolete equipment will react against the interest of new investors, new capital, and new business leadership. The true interests of capital, seeking opportunity for profitable investment, like the interests of agriculture and labor, lie in balanced abundance.

It is my belief that business management and investors both have everything to gain from a sound working relationship between agriculture and labor. If business management is willing to produce and sell at prices which with full production will return a reasonable yield on the capital invested, and if investors are willing to put their funds into use at moderate interest rates, they will find wide markets for their products and effective use for their funds. The more effectively farmers and labor cooperate to expand production, the wider will be the opportunities for industry as a whole. Yes; there will be plenty of work for all capital which is willing to accept a fair return as soon as labor,

capital, and agriculture really understand each other and start pulling together to turn out more goods in such a balanced way that there will be no serious set-backs.

As we consider the absolutely vital functions of capital we should all remember that there are a number of capitalists who are capable of lifting their eyes higher than the problem of profit to the general welfare considerations involved in getting new industries started in a sensible way. Capitalists with vision should not be blamed for the abuses practiced by the others. Of course there are certain abuses which are inherent in any system of maturing capitalism with which we must wrestle courageously in order to keep capitalism from destroying itself. Insofar as we have set our hand to that task, I hope the utmost of good feeling will characterize all our efforts and that the flow of private capital into productive investment will be encouraged. The time is now rapidly approaching when the general public will demand that labor, capital, and agriculture spend less of their energy in a struggle for relative advantage and more of their energy in devising constructive cooperative ways to increase the national output. We have the inventive ability, the factories, the workers, the farmers, to take care of all of our people in marvelous fashion. Capital, labor, and agriculture cooperating can do the job.

STATEMENT BEFORE THE INTERSTATE COMMERCE COMMISSION JANUARY 18, 1938, ON
THE DEPENDENCE OF THE RAILROADS ON INCREASED INDUSTRIAL PRODUCTION

The only short-time policy which can mean real health for the railroads is one which means real health for the construction, manufacturing, mining, agricultural, and all other industries that supply the railroads with volume. I believe that steps can be taken to bring about a rapid restoration of business activity and production through our productive system and a rapid restoration of employment and production. I believe the railroads might effectively cooperate with the industrialists and other groups that are now trying to devise ways and means for getting construction and industrial activity revived. Such means can bring profits to the railroads at the same time it brings profits to all other industries.

LETTER TO SENATOR BYRNES, CHIEF OF SENATE COMMITTEE TO INVESTIGATE
UNEMPLOYMENT AND RELIEF, JANUARY 12, 1938

From speech January 3, 1938:

"Farmers, workers, and businessmen all suffer when investment varies widely from time to time, and when steel and other durable-goods industries fluctuate erratically between frantic attempts to fill orders at one time and almost complete stagnation at others. When new investment, or even the expenditure of depreciation reserves for repairs and replacements, is checked by business uncertainty or fright, or by investors' fears, business activity, industrial pay rolls, and the demand for farm products collapse together. It doesn't do either labor or agriculture any good to scare capital; instead, they must all find ways to work together. Means must be worked out so that repairs and depreciation can be made good, and new plants created, more evenly year after year, instead of all in a lump when times seem good. Cooperation between farmers and workers is needed for expanding production, and cooperation of both with businessmen and investors is needed to create a steady flow in the creation of durable goods. If this problem can be solved, much of the extreme ups and downs of the business cycle may be smoothed out."

ADDRESS AT JACKSON DAY DINNER, MINNEAPOLIS, MINN., JANUARY 7, 1939, ON THE
CHALLENGE TO THE WEST

In the future there will probably always be greater Federal expenditures than was the case previous to 1930, but we all hope the day will soon come when private financing will increase and Government financing will decrease. Both the art and science of government in the years immediately ahead will center in considerable measure around the problem of bringing about this transition as rapidly as possible but without shock.

Rooseveltian democracy has learned and is learning more completely than any party has ever done, the need for agriculture, labor, and capital to pull continuously together in a balanced way for the service and welfare of all the people. We are determined to serve the farmers, the workers, the small businessmen and the underprivileged. We know that if this is done in terms of increased balanced abundance the larger businessmen will take care of themselves and will prosper along with the rest. We want to cooperate with capital to keep it continuously productive. Our program is one of unity in the service of the general welfare.

REMARKS AT FIRST OF A WEEKLY SERIES OF BROADCASTS ON DEMOCRACY IN ACTION, DESCRIBING FEDERAL PARTICIPATION IN THE WORLD'S FAIR, PRESENTED OVER NATIONAL BROADCASTING CO., FEBRUARY 5, 1939

I do not mean that the Government produces and distributes the food, but I do mean that it must see to it that the conditions are such that production and distribution and consumption can continue in behalf of the general welfare.

The farmer's job is of course only one complicated step in the total process of feeding those 2,000,000 residents of Manhattan Island. The processor, the distributor, and the retailer usually have functions to perform before the consumer can eat.

Modern distribution has done two great things. It has banished distance, and has just about banished season. The entire country's food resources are available now at the consumer's door, no matter where or how large the city.

ADDRESS AT THIRD ANNUAL NATIONAL FARM INSTITUTE, DES MOINES, IOWA, FEBRUARY 18, 1939, ON HOW AGRICULTURE, INDUSTRY, LABOR, AND GOVERNMENT CAN WORK TOGETHER FOR A \$100,000,000 INCOME

I believe it is just as important for government to follow stable and well-considered spending and investment policies for productive and social purposes as for private business to do so. That means, first, Government activities ought not to be suddenly curtailed without regard to the effect on the course of business. But since budget considerations make it impossible for government to match in full the outlays that private business normally makes, it means, second, the sensible thing would be to encourage private capital and get it to flowing as it ought to flow. Can agriculture, industry, labor, and government agree on these two principles? If they can, then why not declare a truce and call off the argument and concentrate on doing the job that needs to be done? We must carry out both principles. We must maintain government activity as long as necessary. And we must encourage private capital to go back to work. That is the sound way, and the only sound way, to get the increase in business activity and national income which will increase Government revenues, decrease Government expenditures, and achieve the balanced Budget which all of us so earnestly desire. The Nation needs more business, and that should be our first goal.

REMARKS BEFORE MEETING OF THE FOOD AND GROCERY CONFERENCE COMMITTEE, WASHINGTON, D. C., MARCH 13, 1939

All of us in Government appreciate the way in which the members of the trade groups have worked with us on this important problem (food stamp plan). We rely upon your cooperation, including increasingly effective methods of merchandising, to make this plan successful. In turn you can rely upon the necessary cooperation of Government agencies. It is only through united effort that we can find the way to plenty.

I have been continually delighted with the reports of the mutually fine attitude displayed by the representatives of the different groups. Having confidence in each other, they have got down to work on the mechanical details in a very effective way. The food trades, I am confident, are going to do their very best to do a real job of moving the surplus in the selected cities in such a manner as to demonstrate real efficiency to the public.

ADDRESS AT ANNUAL JEFFERSON DINNER SPONSORED BY NATIONAL DEMOCRATIC CLUB AT COMMODORE HOTEL, NEW YORK, APRIL 22, 1939, ON PROGRESSIVE DEMOCRACY AND THIS CHANGING WORLD

Jefferson tried to get an amendment to the Constitution to prevent corporations from being formed. I am sure if he could see the way in which corporations and labor unions are serving the people in the cities today, he would be eager to have agriculture served by compensating devices and organizations, democratically administered. The businessmen of the wholesale and retail grocery trade have unanimously indorsed this (food stamp) plan and are taking the lead to make it work to the greatest advantage of all. Through this plan we hope to help farmers dispose of more of their surpluses, give low-income groups in the cities better nourishment and better health, and bring to business more volume. If successful and if applied on a wider scale, this plan will be a three-way contribution to the general welfare.

In this job of rebuilding, an essential role must fall to businessmen. This twentieth century is a machine age, and a machine age is an age of business. American life as we know it centers largely around business, and without the constructive leadership of businessmen, cooperating with the constructive leadership of agriculture, the constructive leadership of labor, and the constructive leadership of government, the general welfare cannot be adequately served.

It would be a splendid thing if businessmen themselves would take the initiative in setting up machinery that would help guide business toward increased production, employment, and distribution. Insofar as businessmen succeed in this effort, farmers and workers will share in the increased prosperity of a balanced, continuing abundance.

ADDRESS AT BANQUET FOR EIGHTY-SEVENTH ANNUAL CONVENTION OF DISTRICT GRAND LODGE 1 OF B'NAI B'RITH AT HOTEL ASTOR, NEW YORK (BROADCAST BY BLUE NETWORK, NATIONAL BROADCASTING COMPANY), MAY 21, 1939, ON AMERICA THE LAND OF OPPORTUNITY

The existing physical needs make America a land of opportunity right now for men with training and experience in the investment field. The wise investor does not wait for a high tide of business before he goes ahead, for he knows that by that time the best opportunities are gone. The wise investor puts his capital to work when business is just starting on its upward curve. By his boldness, he helps make jobs for idle men, and he helps create business for all. At the present time the greatest opportunities are open to those who can make the right combination of labor, capital, management, and the democratic powers lent by Government.

There is always room for a difference of opinion on details, but it seems to me the national recovery program sponsored by President Roosevelt deserves all the cooperation that the whole country can give. We can never get full recovery unless everyone—including the leaders of industry, the leaders of labor, the leaders of agriculture, and the leaders of government—are willing to put their shoulders to the wheel.

ADDRESS AT LUNCHEON OF RETAILERS' NATIONAL FORUM AT MAYFLOWER HOTEL, WASHINGTON, D. C., MAY 23, 1939, ON THE AGRICULTURAL SURPLUSES

The question is, Can the distribution system be improved? Yes; I think it can. I think it is being improved. I think the Federal Government and the various State governments are helping distributors to improve their methods—but to be fair, we must recognize that, after all, the men in the distribution business are in the best position to do the improving, and that valuable improvements have been made and are being made within the distribution system itself.

Execution of this plan is largely in the hands of retailers themselves. Its success or failure largely depends on their diligence. If the plan succeeds, it will be because you and your associates make it succeed. I feel sure that all of you here who have anything to do with the plan will see to it that it has a fair test, that you will give it your loyal cooperation and your determined support. I feel sure that you will do your very best to make the stamp plan work.

When capital is flowing and employment is increasing, purchasing power will be more widely spread. When these things come to pass, then the retailers will truly be able to serve the masses of the American people. When mass distribution is accomplished, mass production can be unleashed and the American people can enjoy to the full the abundance which Nature's generosity and man's ingenuity have combined to bring about.

I know the retailers of America are eager to see business, labor, agriculture, and government cooperate together to do a larger volume of business. I believe that, international affairs permitting, we are going to do more business.

ADDRESS AT DINNER OF THE DEMOCRATIC PARTY IN MILWAUKEE, WIS., JUNE 17, 1939,
ON PROGRESSIVE FOUNDATIONS THAT CAN ENDURE

The job of stimulating private investment, so that the building of factories and production of articles to be sold to consumers can be kept in balance with each other and with the needs of the American people, is perhaps the principal task which now confronts us.

This job cannot be done—or at least is not being done—by business operating by itself. Neither can it be done by government operating by itself, unless we are willing to go to a system of state capitalism. Under our American system this is a job which must be undertaken by business, with whatever government aid is needed to assure success. Doing this job will give us the kind of foundation we need if our progressivism is going to endure.

ADDRESS AT STATE UNIVERSITY OF IOWA, IOWA CITY, IOWA, JUNE 23, 1939, ON
PILLARS OF FUTURE DEMOCRACY

Capitalism is based on the idea of putting money to work at a profit. A healthy capitalism requires an expanding frontier of some kind. This frontier doesn't have to be land, but it may be some new method of production. Vital capitalism, therefore, must have in it the idea of progress. It must either be in position to exploit a new physical frontier, or it must give the utmost attention to new scientific discoveries or inventions which promise to minister to the human desires of the future.

The capital for loan was held more or less informally by thousands of individuals. The corporate capitalism of the twentieth century is undoubtedly more efficient in producing steel than the individual capitalism of the early nineteenth century. Corporate capitalism has made it possible for millions of people to pool their resources, to produce products which would be difficult or impossible for any one individual, no matter how wealthy, to produce at a reasonable cost. A certain amount of corporate capitalism is undoubtedly in the line of progress. Without it, we could not have built our railroads and factories so fast. As long as the corporations were borrowing money from the public and spending it to build railroads, public utilities, or factories under the guidance of the early captains of industry, it seemed that democracy was probably being helped rather than harmed by corporate capitalism.

RADIO ADDRESS OVER COLUMBIA BROADCASTING SYSTEM, SEPTEMBER 8, 1939, ON
FARMERS, CONSUMERS, AND MIDDLEMAN AND THEIR FOOD SUPPLIES IN TIME OF
WAR

I am confident that the men who are responsible for the operations of the sugar mills as well as our domestic growers of sugar beets and sugarcane know from sad experience that it doesn't do anyone in the sugar business any good to have wide fluctuations in sugar prices based on nothing more than hoarding and speculative activity. These men who have cooperated earnestly with the Department during the past few years in endeavoring to stabilize returns for producers and processors would undoubtedly join in advocating that kind of stability in sugar prices which will best insure justice to the farmers and justice to the consumers.

It is time now to settle down calmly for the long-time pull. Certain readjustments are necessary, of course, but there is no reason why we cannot make them in a common-sense way without getting alarmed. There is no basis whatever for alarm as far as food is concerned. I am convinced that farmers, processors, wholesalers, grocerymen, and labor are going to do the patriotic thing. They are going to stand for abundance and a fair relationship between prices and services of different sorts. All of them will be against unjustified price advances. None of us wants again to invite frenzied expansion and tragic collapse. By counseling together we can avoid such a disaster.

ADDRESS AT ANNUAL JACKSON DAY DINNER AT DES MOINES, IOWA, JANUARY 8, 1940,
ON THE FIGHT FOR DEMOCRACY IN 1940

The vast majority of businessmen are honest. Government should, so far as possible, encourage them in their legitimate endeavors. They are the men who pay a large part of the Federal income taxes and who pride themselves on furnishing jobs for laboring men and markets for farm products.

ADDRESS, SEPTEMBER 19, 1940, ON THE PRICE OF FREEDOM

Practical businessmen and engineers are beginning to think through the joint obligation of government and business toward maintaining full employment and economic stability, and the powers that might be placed at the disposal of government and business to mitigate the fluctuations of the business cycle. New opportunities for thought and action are available in the new frontiers of social-economic engineering to businessmen, engineers, educators, and young people seeking ways to serve the Nation.

ADDRESS IN CADLE TABERNACLE, INDIANAPOLIS, IND., SEPTEMBER 23, 1940, ON
DEMOCRACY AND CAPITALISM

The substance of democracy that I want to see handed down to my children is a democracy that meets the ideals and protects the interests of the vast majority of Americans—of farmers, of workers, of small businessmen, and of those big businessmen whose great power is matched by good judgment, fairness, and responsibility to the general welfare.

During all this long struggle, we Americans have been trying to protect capitalist business, which includes agriculture, against the growing powers of high finance. There is a difference between business and finance, which some people sometimes try to make you forget. Capitalist enterprise is a familiar process of producing and selling food, clothes, automobiles, and other useful goods and services.

There are plenty of legitimate businessmen in the utility business. They are to be found in most of the operating companies, doing the actual work of managing the generation and distribution of electricity. The engineering achievements of the industry are a testimony to the fact that in the works there are real producers who know and care about production. They are not the ones who lack knowledge or business judgment, if only they were free to exercise their talents.

ADDRESS AT DETROIT, MICH., OCTOBER 24, 1940, ON LABOR AND JOBS

You all know what a real or working businessman is. He runs a store or a factory. He buys materials, hires workers, sells goods. He may be a success or a failure, but at least he knows what it means to struggle with the real everyday problems of producing and selling. The New Deal has no quarrel with real businessmen.

RADIO ADDRESS ON EIGHTY-SIXTH ANNIVERSARY OF BIRTHDAY OF WOODROW WILSON, UNDER SPONSORSHIP OF WOODROW WILSON FOUNDATION, AMERICAN POLITICAL SCIENCE ASSOCIATION, AND AMERICAN HISTORICAL ASSOCIATION, DECEMBER 28, 1942, ON AMERICA'S PART IN WORLD RECONSTRUCTION

When the war is over, the more quickly private enterprise gets back into peacetime production and sells its goods to peacetime markets here and abroad, the more quickly will the level of Government wartime expenditures be reduced. No country needs deficit spending when private enterprise, either through its own efforts or in cooperation with government, is able to maintain full employment. Let us hope that the best thought of both business and government can be focused on this problem which lies at the heart of our American democracy and our American way of life.

The war has brought forth a new type of industrialist who gives much promise for the future. The type of business leader I have in mind has caught a new vision of opportunities in national and international projects. He is willing to cooperate with the people's government in carrying out socially desirable programs. He conducts these programs on the basis of private enterprise and for private profit, while putting into effect the people's standards as to wages and working conditions. We shall need the best efforts of such men as we tackle the economic problem of the peace.

Maintenance of full employment and the highest possible level of national income should be the joint responsibility of private business and of government. It is reassuring to know that business groups in contact with government agencies already are assembling facts, ideas, and plans that will speed up the shift from a government-financed war program to a privately financed program of peacetime activity.

[From American Magazine, March 1943]

WHAT WE WILL GET OUT OF THE WAR

The American businessman will rise to the challenge of the air age, to the challenge of the new frontier, to the infinite possibilities for development not only in our own country, but in the tropics and in Asia. Just as he has cooperated with Government in time of war to build planes for the saving of civilization, so likewise will he cooperate with Government to make air power the preserver of civilization.

More and more, everyone will recognize that business, labor, agriculture, and Government have just one job in their four-way partnership: To lead the common man to full employment, a higher standard of living, and a peace which will be permeated by the exciting spirit of new frontiers. The creative businessman of the future will recognize that, while Government will play a large part in opening up these new frontiers, the Government activity will be such as not to reduce but to increase the field for private initiative. Better Government organization and more individual drive will go hand in hand.

In serving the common man, the business leader will have opportunities for initiative such as he never dreamed of before.

ADDRESS BEFORE MEETING OF DETROIT LABOR AND CIVIC ORGANIZATIONS AT THE STATE FAIRGROUNDS, DETROIT, MICH., JULY 25, 1943, ON "AMERICA TOMORROW"

If industrial management can bring the same wisdom in producing for peace that it has shown on many production fronts in the supply program for war, the horizons we face are bright. We have witnessed many evidences of industrial statesmanship, of cooperation with labor to increase production and cut costs. In hundreds of industries the war has demonstrated that management and labor can be friends in the service of the Nation.

[From Saturday Evening Post, October 23, 1943]

WE MUST SAVE FREE ENTERPRISE

Capitalism throughout the world, and even in our own country, has often been the object of derision. Not its inherent faults but its misuse has been the underlying reason for this attitude. Considered in its essentials, however, capitalism can be the most efficient system of organizing production and distribution on principles of freedom and equal opportunity yet devised by man. It should not, as many radical reformers have suggested, be uprooted. It should be modernized and made to work. Indeed, it must be made to work if we are to maintain the foundations of those things which we believe to be the essentials of American society. The chief trouble with capitalism has been the perversion of its instruments and their misdirection by small, powerful, privileged groups for purposes they were never intended to achieve.

The system of free enterprise is based upon the willingness of the businessman to accept risk. As technology grew, as our economy expanded, and as large-scale production came to dominate the economic process, the individual found it impossible to undertake such huge ventures alone. To fill this need, the corporation had the soundest reasons for coming into being. Every new corporation enabled numbers of men to pool their resources and to carry out a venture beyond the means of any one of them. Economic teamplay—yet fully within the framework of competition—was the genesis of the modern corporation. To the corporate form of organization must go much of the credit for the speed with which new industries were founded, railroads were built and a continent opened up to the American people.

Risk taking was an essential of the free economy. Because a corporation limited the liability of the individual and spread the possible losses, it was destined to become the principle means of attracting venture capital. It encouraged the businessman and the investor to assume the risk of developing new industries. As an elastic, flexible association of risk takers, the corporation was ideally fitted to bring forth new goods and services and to create going concerns. Without the use of the corporate form, the emergence of the railroad, the telegraph and telephone, the automobile and the radio, the large-scale distribution of electric power, to say the least, would have been delayed. Viewed from this perspective, the developments of the nineteenth and twentieth centuries have proved the social and economic importance of the corporation.

It is clear that the corporation and the patent system were major factors contributing to the growth of modern America. The patent system gave to the little man with the big idea an unparalleled opportunity to utilize his creative imagination and to risk his limited resources in a game where the rewards of success were great and where his own gain served the general welfare.

It is a hopeful sign when Eric Johnston, the president of the United States Chamber of Commerce, can say in the September Reader's Digest:

Then there is a people's capitalism. I come from it. I want to see it survive for every poor boy and girl in America after me. And not only survive but triumph. Only America, I think, can light the world toward an ultimate capitalism of everybody.

What happens when the little man with the big idea is able to fight the forces of special privilege and power which attempt to strangle him is shown clearly in the development of the automobile industry. The saga of the American automobile industry is one of the proudest chapters in the history of free private enterprise. The importance of this industry to our well-being is readily apparent.

The rebuilding of a war-torn world, the development of new trade routes and new markets, and the endless stream of discoveries which flow from our laboratories will be new frontiers. To the hardy, to the venturesome—in short, to the American businessman with the pioneering spirit—the chance for reward and the promise of useful and fruitful action for the release of those energies which have characterized him are an open road. There will be the greatest need for cooperation between business, labor, agriculture and Government. There will be obstacles. There will be discord and disappointments.

But none of these hurdles is so great that it cannot be surmounted if American business lives up to its responsibilities.

Primarily, the task of reemployment is the responsibility of businessmen. It is a responsibility which they can meet only if enterprise is free to develop and extend the new lines of industry as well as the presently existing enormous plant capacity.

To aid business in carrying out this responsibility, the existing plants constructed by the Government for the war effort should not fall into disuse. Neither should they become part of the philosophy of planned scarcity which is implicit in monopoly control. So far as practical, they should be turned over to private business and become part of our free private-enterprise system. Why not, for instance, lend-lease these plants to those American businessmen who are free of monopoly association and willing to engage in full production? Such men are entitled to encouragement and should be given every incentive to produce.

STATEMENT BEFORE ANNUAL CONVENTION OF NATIONAL CONGRESS OF INDUSTRIAL ORGANIZATIONS, AT BELLEVUE-STRATFORD HOTEL, PHILADELPHIA, PA., NOVEMBER 3, 1943

The fourth duty of the farmer and worker is to see that capital is fairly treated, that the man who risks his name and credit may get his risk capital returned when he has served well in creating new jobs and needed products. Otherwise stagnation and joblessness will increase; otherwise there can be no growth of new enterprise or free enterprise. Free enterprise must not be made a mockery by big enterprise. In the backwash of war the small businessman must not be washed out.

STATEMENT BEFORE SUBCOMMITTEE ON WAR MOBILIZATION OF THE SENATE MILITARY AFFAIRS COMMITTEE, OCTOBER 14, 1943

I welcome this opportunity to support your interest in one of the most urgent problems before the American people today—the full use of our technological resources to win a decisive victory and to build an enduring peace. In our struggle to translate the total capabilities of this Nation into an effective striking force, we have every reason to be proud of the splendid achievements of science, both in industry and in Government. We must realize, however, that in reality we have only begun to marshal the inventive skills and energy of the American people on the scale required for the tasks which lie ahead.

The application of modern science should not be the exclusive domain of great corporations and cartels who can, if they desire, restrict and suppress new inventions and scientific information to suit their own interests instead of the public interest. Unless the little man has access to the bounties of technology, free enterprise will suffer, to the detriment of full employment of labor and our resources.

ADDRESS BEFORE LUNCHEON MEETING OF COMMITTEE FOR POLITICAL ACTION OF THE CONGRESS OF INDUSTRIAL ORGANIZATIONS, AT PARK CENTRAL HOTEL, NEW YORK, JANUARY 15, 1944, ON FULL EMPLOYMENT

But, fortunately, there are many big businessmen who believe wholeheartedly in allied unity in just the same way as the President. They believe in unity both for the war and for the peace. They want to see an enduring peace based on a higher standard of living and a growing volume of world trade and therefore believe in the good-neighbor policy, not only between the United States and Latin America but also between the United States and the other United Nations in the post-war period. These businessmen do not finance anti-Semitic movements or American Fascists. They believe in clean, aggressive competition in foreign markets. They may fight Roosevelt on his domestic policies, but in the main they do it fairly. If the common man has to choose between these two big business groups, there is no question as to where his interest lies.

ADDRESS GIVEN IN LOS ANGELES, FEBRUARY 4, 1944, ON WHAT AMERICA WANTS

Some of the businessmen who most want to serve the world in the post-war period are probably those who have rather recently graduated from the ranks of the small businessmen into handling large affairs in the war effort. Because of his unusual capacity, this kind of man has made large sums of money during the war but has paid nearly all of his profits to the Government. He will come out of the war with large plant facilities. He wants to know how to reconvert as fast as possible. His success has often depended largely upon his fine relationship with labor. Appreciating the loyalty of labor, he wants to give his workers jobs in the post-war period, not so much from the standpoint of making money as from the standpoint of doing things both for his workers and for his country. Such men are in some ways the hope of America and the world.

SPEECH GIVEN AT PLANKINTON HALL, CIVIC AUDITORIUM, MILWAUKEE, WIS.,
FEBRUARY 11, 1944

Full employment involves governmental cooperation, whether it be in war or peace. When I speak of governmental cooperation producing additional jobs, I am referring to the free enterprise job opportunities which flow from the creation of such national assets as airfields, housing projects, schools, hospitals, T. V. A.'s, good roads, and other public works. No single firm, no local government, no single group, can provide activities of this sort in sufficient volume to save us from joblessness. Only by democratic, cooperative planning between government and the various groups and regions can there be provided sufficient activity to create for private business the additional jobs which are needed to save our free-enterprise system. Free enterprise and joblessness cannot long exist side by side in the same nation.

SPEECH AT MEETING SPONSORED BY DEMOCRATIC, CIVIC, AND LABOR GROUPS OF
MINNEAPOLIS AT MINNEAPOLIS, FEBRUARY 14, 1944

The development of regional capital markets is a task for local business and financial interests. Here is an opportunity for small investment banking houses and security dealers to expand their services in behalf of local industry. Here is an opportunity to reduce the cost of financing so as to encourage the growth of regional enterprises which will ultimately develop into more financing.

Investment in the development of regional economies will require venture capital rather than the timid capital which seeks safety in the bonds of established enterprises. Federal legislation has done much to relieve those who would invest venture capital of the unnecessary risks that attach to fraudulent financing. A revision of our tax laws can provide further incentives to invest in the common stocks of new enterprises.

The development of regional economies within a full-production national economy will open a new era in American history. New opportunities for employment, for capital investment, for enterprise, will be the first effects. The use of new natural resources, plus the fuller employment of labor and capital, will mean enlarged production, both regionally and nationally. A balanced regional development will provide increased stability for business and the foundation for a new post-war American standard of living.

ADDRESS BEFORE THE AMERICAN BUSINESS CONGRESS AT WALDORF-ASTORIA HOTEL,
NEW YORK (BROADCAST OVER LOCAL STATIONS), MARCH 17, 1944

Free enterprise means that each and every industry is open to new capital and new firms, that all business has free access to raw materials, to labor, to technologies; that producers have free access to the markets in which they buy and sell; that all individuals, in accordance with their varying abilities and irrespective of color, race, and creed, have equal opportunity to work at their chosen jobs.

In the tasks assigned to them during the war small businessmen have done a magnificent job. It will be even more important that small business continues to function when reconversion begins—that adequate resources are then available to permit them to participate in this great task. Small businessmen have always been the foundation of our American economic system—it is vitally important that they continue as producers and distributors in our American system.

ADDRESS UNDER THE AUSPICES OF THE INDEPENDENT CITIZENS COMMITTEE,
PITTSBURGH, PA., SEPTEMBER 30, 1944

Tonight I want to talk about your community here in Greater Pittsburgh, because this area is a symbol of so much of America's industrial greatness—her power in coal, iron and steel, oil, railroads, glass, aluminum, and electrical equipment. Pittsburgh has been the beating heart of America's vast development since 1860. Pittsburgh boomed during the Civil War and the railroad expansion which followed that war. She boomed again during World War No. 1 and enjoyed the tremendous stimulus which came to heavy industry as a result of the rapid growth of automobile construction during the twenties. Today we stand on the threshold of another post-war era following upon a time when Pittsburgh has made a greater contribution many times over to the American war effort than ever before in American history. Tomorrow, as in the past, Pittsburgh will be the barometer of the Nation's success in building prosperity for all Americans in the post-war period.

We are not going to have a planned economy in the United States, but we must plan for our economy in peace just as we did in war. We are not going to have a planned economy, because that means that everything is done from one central spot by one group of people. But we do need specific plans in every city, in every industry, in every State, and coordination of these plans on a national basis. When I visited with the mayors, the chambers of commerce, and the members of the Committee for Economic Development in many eastern cities, I found them doing excellent work. But nearly everywhere I found them thinking just a little too much in terms of an outmoded normalcy and not enough in terms of the truly great abundance which we must have if we are to have full employment. An abundance program for our economy should be based on the needs of the average American family.

(Whereupon, at 4:12 p. m., the committee retired into executive session.)

X

ADMINISTRATION OF GOVERNMENT LENDING AGENCIES

JANUARY 31, 1945.—Ordered to be printed

Mr. BAILEY, from the Committee on Commerce, submitted the following

REPORT

[To accompany S. 375]

The Committee on Commerce, to whom was referred the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, having considered the same, report favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

The amendment in the nature of a substitute reported by your committee is as follows:

That the Federal Loan Agency, created by section 402 of the President's Reorganization Plan Numbered I under authority of the Reorganization Act of 1939, shall continue as an independent establishment of the Federal Government and shall continue to be administered under the direction and supervision of the Federal Loan Administrator in the same manner and to the same extent as if Executive Order 9071, dated February 24, 1942, transferring the functions of the Federal Loan Agency to the Department of Commerce, had not been issued.

SEC. 2. All powers, functions, and duties of the Department of Commerce and of the Secretary of Commerce which relate to the Federal Loan Agency are hereby transferred to the Federal Loan Agency to be administered under the direction and supervision of the Federal Loan Administrator.

SEC. 3. The unexpended balance of the funds made available to the Secretary of Commerce by Public Law 365, Seventy-eighth Congress, approved June 28, 1944, for administrative expenses of supervising loan agencies, shall be transferred to the Federal Loan Agency to be used for the administrative expenses of that Agency.

SEC. 4. No functions, powers or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941, or any other law unless the Congress shall otherwise by law provide.

PURPOSE OF THE BILL

Briefly, the purpose of this bill is to restore to the Federal Loan Agency, an independent agency in the executive branch of the Government, the powers, functions, and duties which were temporarily transferred from that Agency to the Department of Commerce by

Executive order of the President under the First War Powers Act, 1941. If enacted it will group under an existing agency lending agencies established from time to time for the purpose of rendering assistance to and stabilizing the financial, commercial, and industrial enterprises of the country.

The language of the bill as introduced suggests, by the use of the word "reestablish," that a new office is being created. Such a construction would not be in harmony with the existing legal status of the Federal Loan Agency and your committee has therefore reported the substitute which makes clear that the purpose of the bill is merely to revive (or perhaps it might better be expressed as "acceleration of the revival of") an existing agency and to retransfer to it functions, powers, and duties which had been temporarily taken from it by the Executive order referred to above.

STATEMENT

The Federal Loan Agency was created by section 402 of the President's Reorganization Plan No. I, submitted to the Congress on April 25, 1939, pursuant to the Reorganization Act of 1939, approved April 3, 1939. Section 402 of that plan reads as follows:

SEC. 402. (a) *Federal Loan Agency*.—There shall be at the seat of the Government a Federal Loan Agency, with a Federal Loan Administrator at the head thereof. The Federal Loan Administrator shall be appointed by the President by and with the advice and consent of the Senate and shall receive a salary at the rate of \$12,000 per annum.

(b) *Assistant Federal Loan Administrator*.—The Federal Loan Administrator shall appoint an Assistant Federal Loan Administrator, who shall receive a salary at the rate of \$9,000 per annum. The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

(c) *Powers and duties of Administrator*.—The Administrator shall supervise the administration, and shall be responsible for the coordination of the functions and activities, of the following agencies: Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Disaster Loan Corporation, Federal National Mortgage Association, Federal Home Loan Bank Board, Home Owners' Loan Corporation, Federal Savings and Loan Insurance Corporation, Federal Housing Administration, and Export-Import Bank of Washington. The Administrator may appoint such officers and employees and make such expenditures as may be necessary.

(d) *Administrative funds*.—The Director of the Bureau of the Budget shall allocate to the Federal Loan Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies named in this section, such sums, and in such proportion, as he may find necessary for the administrative expenses of the Federal Loan Agency.

Under the Reorganization Act of 1939, plans submitted pursuant thereto were to take effect upon the expiration of 60 calendar days after the date on which the plan was transmitted to the Congress but only if during such 60-day period the two Houses had not passed a concurrent resolution stating in substance that the Congress did not favor the plan. Thus the Federal Loan Agency would have been a statutory agency had the plan taken effect in due course under the procedure set forth in the Reorganization Act of 1939. However, on June 7, 1939, the President approved Public Resolution No. 20, Seventy-sixth Congress, which provided that Plan No. I should take effect on July 1, 1939 (along with Reorganization Plan No. II, submitted to the Congress on May 9, 1939), notwithstanding the pro-

visions of the Reorganization Act of 1939. The Agency can therefore be said to be in all respects a statutory agency.

On February 24, 1942, pursuant to the provisions of the First War Powers Act, 1941, which authorized the President to redistribute functions among executive agencies in matters relating to the conduct of the war, the President issued two Executive orders affecting the Federal Loan Agency. Executive Order No. 9070 transferred to the National Housing Agency certain functions, powers, and duties of the Federal Loan Administrator with respect to agencies, functions, powers, and duties transferred under the order to the National Housing Agency. These had to do particularly with matters affecting housing and home financing. Executive Order No. 9071, which concerns particularly the subject matter of this bill, transferred certain functions of the Federal Loan Agency to the Department of Commerce. The pertinent part of that Executive order is the first section, which reads as follows:

SEC. 1. *Transfer of functions.*—All functions, powers, and duties of the Federal Loan Agency and of the Federal Loan Administrator which relate to the Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Federal National Mortgage Association, Disaster Loan Corporation, Export-Import Bank of Washington, Defense Plant Corporation, Rubber Reserve Company, Metals Reserve Company, Defense Supplies Corporation, and War Insurance Corporation, together with all other functions, powers, and duties not transferred by the Executive order establishing the National Housing Agency, are transferred to the Department of Commerce and shall be administered under the direction and supervision of the Secretary of Commerce.

It will be noted that any action taken by the President pursuant to the First War Powers Act, 1941, is of a temporary character. Section 5 of that act provides as follows:

Upon the termination of this title all executive or administrative agencies, governmental corporations, departments, commissions, bureaus, offices, or officers shall exercise the same functions, duties, and powers as heretofore or as hereafter by law may be provided, any authorization of the President under this title to the contrary notwithstanding.

Section 401 of the act provides:

Titles I and II of this Act shall remain in force during the continuance of the present war and for six months after the termination of the war, or until such earlier time as the Congress by concurrent resolution or the President may designate.

Accordingly, even in the absence of further legislation by the Congress the functions, powers, and duties transferred to the Department of Commerce under Executive Order No. 9071 would, upon the termination of title I of the First War Powers Act, 1941, be restored to the Federal Loan Agency. The effect of the bill, therefore, is only to hasten that restoration. The reasons for such action appear to the committee to be substantial and convincing.

In his message transmitting Reorganization Plan No. I to the Congress the President stated:

I find it necessary and desirable to group under a Federal loan agency those independent lending agencies of the Government which have been established from time to time for the purpose of stimulating and stabilizing the financial, commercial, and industrial enterprises of the Nation.

With that statement the committee is wholly in accord. It was necessary and desirable then; it is necessary and desirable now. The committee is not advised of any sound policy of administration which

would have justified the transfer of these agencies to the Department of Commerce, or in fact to any executive department.

Senators need only refer to the powers and authority of the Reconstruction Finance Corporation, the principal lending agency, and its subsidiaries, with respect to loans and investments, read into the record by Senator George, the author of this bill, to be convinced of the unwisdom of reposing in any Cabinet officer, in addition to the responsibilities which are imposed upon him as such, the vast powers and authority recited in this statement. The powers are manifestly enormous; the amounts involved are staggering. It was stated at the hearings that the Reconstruction Finance Corporation, and its subsidiaries, conduct the most gigantic business enterprise, or series of business enterprises, that this country, if not the world, has ever known, and has engaged in literally hundreds of separate businesses. With a borrowing authority for upward of \$14,000,000,000 and, on a revolving-fund plan, with almost unlimited lending power, the organization has the capacity to exert a profound influence upon our economy. For example, the Reconstruction Finance Corporation and its subsidiaries have made direct authorizations and commitments for war purposes amounting to \$32,300,000,000 and of this sum disbursements have been in excess of \$18,000,000,000. In activities not directly related to the war, the Reconstruction Finance Corporation has authorized loans and investments amounting to \$13,160,000,000, and disbursements have been nearly \$10,000,000,000. Of course, substantial amounts of these sums have been returned in one form or another, but these figures indicate the extent of the operations of these agencies. The activities of this organization cover practically the whole of our business, financial, and economic life. Frankly, the consequences of the vast political control that conceivably could be exerted by a Cabinet officer in whose hands was placed the administration of these lending agencies cannot be measured. The man who has charge of these agencies could so administer those powers as to determine the economic direction of the country, and with that, its social and political character.

Your committee is not unmindful of the fact that Congress passed special legislation to permit Mr. Jesse Jones to be appointed Secretary of Commerce while at the same time holding the office of Federal Loan Administrator. Without at this time questioning the wisdom of that particular legislation your committee regards it as an extraordinary precedent, and feels free to suggest that it should not be repeated under any circumstances without most searching consideration, to say the least. Your committee also frankly recognizes that the exercise of the powers reposed in these lending agencies has in many respects not been circumscribed by restrictions and limitations which would normally be expected in legislating such vast authority over the business, financial, and economic life of the Nation. Whatever may have been the considerations which impelled the Congress in the instances just cited to depart from more or less well-recognized principles of legislative practice, it is respectfully submitted that, as stated by Senator George in the hearings on this bill—

the vast powers and vast authority given is the strongest possible argument that anyone can make for the return, or for the hastening of the return, of these powers to an independent agency of the Government created by the Congress and responsible to the Congress.

Admittedly, the Reconstruction Finance Corporation was originally established as an emergency agency at a time of great economic stress, with resulting business instability and unemployment. Additional broad powers have been given to the Corporation since the country was put in a state of general emergency growing out of the war in Europe or since we have actually been at war. We must recognize that in times of public emergency the Executive is disposed to seek and the Congress to grant powers, that in ordinary times would be subject to the most careful scrutiny, and as time goes on the exercise of these powers is perhaps enlarged far beyond those the Congress might have anticipated even in time of emergency. Doubtless, this is particularly true in the case of activities carried on by agencies in corporate form.

Your committee is firmly convinced that it is time for the Congress to take stock. Mr. Jesse Jones frankly stated to your committee that the Reconstruction Finance Corporation needed no more money and had enough borrowing power to carry it through the war. Sometime in the future, we hope it will be soon, this country will enter into and follow through a reconversion period, and presumably the Congress may see fit to utilize these experienced lending agencies in carrying out the responsibilities of the Congress in that period. Any such powers should be exercised independently of an executive department by an agency directly accountable for the administration of the functions committed to it. The greater the necessity for the exercise of extraordinary powers the greater becomes the responsibility of Congress for bringing the exercise of those powers more immediately under its scrutiny, and only by such action can the Congress discharge its direct responsibility for the Nation's welfare.

As one step in this direction your committee recommends the enactment of this legislation, taking advantage of an agency already created pursuant to act of Congress and approved by the Congress for the very purpose for which this legislation is designed.

In this connection, and in conclusion, your committee desires to call attention to the fact that some question has been raised, or rather inquiry has been made, as to the sufficiency of this legislation in that only a part of the so-called lending agencies of the Government are dealt with in the bill. As to the desirability of grouping in the Federal Loan Agency all of the activities which were formerly under its jurisdiction, and perhaps others that have been provided for since the Executive orders redistributing the functions of the Agency, this committee, as a committee, is not in position to advise. Perhaps further study will disclose that other lending agencies, whose activities fall within the jurisdiction of other committees of the Senate, should be transferred to the Federal Loan Agency. This committee has dealt only with those activities now centered in the Department of Commerce. For example, the Export-Import Bank of Washington, now under the Foreign Economic Administration, and the agencies under the National Housing Agency, will be unaffected by the enactment of this legislation. However, it is pointed out that having revived the Federal Loan Agency and retransferred to it the activities now in the Department of Commerce the bill specifically provides that there shall be no transfers from the Federal Loan Agency under

the First War Powers Act, 1941, or any other law unless the Congress shall otherwise provide. The Executive is thus denied the power to again redistribute its functions, now or in the future.

For the committee:

JOSIAH W. BAILEY, *Chairman.*

MINORITY REPORT ON S. 375

As Mr. Wallace said in his testimony before this committee, it is obvious that the occasion for the introduction of S. 375 was the nomination of Mr. Wallace to be Secretary of Commerce by President Roosevelt. Further, as Mr. Wallace said in his testimony:

There are some who have suggested—perhaps in an effort to save my feelings or face—that this separation of the lending functions from the Commerce Department is desirable because of my alleged “lack of experience,” in such field. Let me say that this talk does not fool me or the American public. You know and I know that it is not a question of my “lack of experience.” Rather it is a case of not liking the experience I have.

Further in his testimony Secretary Wallace spoke of his own experience as follows:

For 8 years I was Secretary of Agriculture. During that period the Commodity Credit Corporation, the Farm Security Administration, the Farm Credit Administration, and the Rural Electrification Administration were under my supervision. During that period these agencies loaned over \$6,000,000,000. We made 11,500,000 separate commodity credit loans and 1,208,000 rural rehabilitation loans. We arranged the financing to permit 20,184 tenant farmers to buy their own farms.

In addition to this experience as Secretary of Agriculture for 8 years, Mr. Wallace was Chairman of the Supplies, Priorities, and Allocations Board in the most critical period of the defense effort. Later Mr. Wallace did pioneer work in setting up the Board of Economic Warfare. Mr. Wallace has traveled extensively through the United States, South America, Europe, and the Orient on behalf of the United States Government as Vice President of the United States. Mr. Wallace is admittedly one of the foremost students of economics and political science in this country.

As Vice President during the last 4 years he sat in the meetings of the President's Cabinet; by virtue of his several positions he has been in intimate contact with the mobilization of the Nation's economy for the war effort.

No question has been raised as to Mr. Wallace's integrity, his intelligence, his industry, or his general competency. No single case of either bad administration, lack of foresight or competence in the performance of any of the very responsible duties which have been under his charge, has been pointed out by the opposition. Indeed, the opposition has referred to no subject, no book, no statement, nor act of omission or commission on the part of Mr. Wallace which gives rise to the bitter fight which is being made in the Senate to keep him from being Secretary of Commerce and having general supervision of the lending agencies of the Government in the same way that Mr. Jesse Jones has occupied the office of Secretary of Commerce and exercised those supervisory functions for the past 4 years.

One cannot escape the conclusion, therefore, that as Mr. Wallace further said in his testimony:

The real motive underlying these suggestions for stripping the Department of Commerce of its vast financial power has, of course, nothing to do with my competence to administer these powers. The real issue is whether or not the powers

of the Reconstruction Finance Corporation and its giant subsidiaries are to be used only to help big business or whether these powers are also to be used to help little business and to help carry out the President's commitment of 60,000,000 jobs.

In other words the question is really one of whether this committee, the Congress, and the American public want these enormous financial powers utilized and invested in a free America—in a prosperous America.

The bill then presents the issue which Mr. Wallace posed in the question "Shall we approach the problems of peace with the same boldness of conception, the same courage and determination, as we have approached the problems of war?"

Mr. Wallace presents simply, courageously, and clearly the policies which he would pursue in the performance of the duties of Secretary of Commerce as they now exist.

He takes as his premise the preservation and stimulation of free enterprise and the promotion of the well-being of all the people of America. He tells this committee that if he is confirmed as Secretary of Commerce with supervision over the lending agencies that he will administer the agencies in the spirit of those policies. To use Mr. Wallace's own words:

For I can tell you here and now that if the R. F. C. is left in the Commerce Department, I will use its powers in the interest of all the American people.

And, Mr. Wallace says with equal candor:

If the Congress does not feel that the powers of the R. F. C. should be exercised in such a way as to further the objectives which I have set forth here, then I respectfully urge the Congress to take the R. F. C. out from under the control of the Commerce Department.

In his statement of policies, Mr. Wallace specifically enumerates the economic bill of rights embodied in the President's message to Congress as follows:

The right to a useful and remunerative job in the industries or shops or farms or mines of the Nation;

The right to earn enough to provide adequate food and clothing and recreation;

The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;

The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;

The right of every family to a decent home;

The right to adequate medical care and the opportunity to achieve and enjoy good health;

The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;

The right to a good education.

Mr. Wallace then in his address to the committee commented upon and amplified the eight points in this bill of rights of the President, and disclosed his general views and ideas with respect to the implementation of each of those points. Nowhere did Mr. Wallace intimate that he would exercise any authority which was not within the scope of the statutes governing the lending agencies now under the jurisdiction of the Department of Commerce. Nowhere did he question the necessity of having the approval of Congress if he were to attempt to exercise any authority not now conferred upon the Federal lending agencies. In fact, unlike his predecessor, he stated that if he were in charge of the lending agencies he would come to the Congress and seek legislation from the Congress permitting him to carry out the

specific policies and projects which he thought were in the public interest and within the scope of the lending agencies generally. Specifically, in contrast to the policy of his predecessor, he stated that he thought the lending agencies should be subject to the audit of the Comptroller General and under the general supervision of the Director of the Bureau of the Budget. Mr. Wallace, therefore, far from manifesting any desire to ignore the statutes or the sentiments of Congress, has shown every respect for the laws by which he would be governed in the administration of this agency and for the opinion of the Congress in the performance of his duties.

Not only did Mr. Wallace affirm his belief in private enterprise but the burden of his whole address to the committee was to show that the lending agencies properly employed could be a great bulwark to private enterprise in the United States and in the world. He went further and set out specific suggestions as to how he would help private enterprise by making credit and capital available for foreign trade, for small business, and for new enterprises, and for the stimulation of the economy of those parts of the country which heretofore have not kept pace with the more favored regions of the Nation.

The most severe critic of the former Vice President cannot find in his address to the committee one objectionable word, in our opinion.

On the other hand, he shows an understanding of our economy and the world economy which is sorely needed in one who is to direct the agencies under the control of the Federal Loan Administration. He shows an understanding of the principles which must govern our foreign trade, of the economic significance of full employment and of the lack of full employment in this country. He shows an understanding of the necessity of the free flow of investment capital essential to the progress of the Nation. He grasps the significance of education and of health as the firm foundation upon which the Nation can be strong.

Mr. Wallace made the statement to the committee that the first problem facing him was the winning of the war; second, the winning of the peace; and third, the providing of full employment for the people and adequate markets for the business and agriculture of the Nation.

Mr. Wallace proved himself to be a farseeing man by his efforts to build up stock piles of rubber as early as 1939, by the research program which the Department of Agriculture carried on in the field of rubber production while he was Secretary, and by his activities in developing sources in South America for strategic and critical war material, even before the war.

Few men who have ever appeared under similar circumstances have more courageously and candidly opened their minds to a Senate committee than did Mr. Wallace to this committee.

Why then the bitter opposition to Mr. Wallace? Why are Senators determined, even before Mr. Wallace is to be confirmed, to strip the office of Secretary of Commerce of these lending agencies? What is the alleged lack of experience and lack of confidence to which Senators refer without giving any indication of what they have in mind? Why are some Senators determined to prevent Mr. Wallace from being confirmed as Secretary of Commerce with the lending agencies stripped from it? The only rational conclusion which one can arrive

at, is that those who would strip the Secretary of Commerce of the lending agencies which are now supervised by him, are opposed to what Wallace stands for and believes in and are opposed to the objectives which he has stated will guide him in the performance of his duties.

We agree with Mr. Wallace and not with his opposition. We believe not only in Mr. Wallace's integrity and his competence and his efficiency, but we believe also in the objectives which Henry Wallace symbolizes. We believe in the America which Henry Wallace is trying to help build. We believe that the things Henry Wallace believes in are essential to the maintenance and the growth of private enterprise in America. We believe that only if the office of Secretary of Commerce and all the Federal lending agencies are administered in the spirit of what Henry A. Wallace believes in, and in the interest of furthering those policies Henry A. Wallace laid down to the committee, can we have a fully employed and a prosperous America.

We believe that if Henry Wallace had 1 year of opportunity as Secretary of Commerce to direct the policies of the lending agencies now under that office, he would do it with such administrative competence and such wisdom of policy that it would meet with the overwhelming approval of the people of the Nation and of the Congress.

Accordingly, we cannot conscientiously refrain from saying that stripping the office of Secretary of Commerce of supervision of the lending agencies, if Henry Wallace is to be the incumbent of that office, would be a tragedy not for Henry Wallace but for America and to a considerable extent for the entire world. The Nation needs Henry A. Wallace in this place. The farmers need him. All businessmen, large and small, need him. Both labor and capital need him. The President needs him. The Congress needs him.

The undersigned, therefore, earnestly hope that in its wisdom the Senate may not, either out of misunderstanding or out of any other motive, hurl a boomerang which will, possibly missing its victim, come back to do greater harm in the long run to the people's representatives and the people themselves.

We oppose at this time, therefore, the enactment of S. 375.

CLAUDE PEPPER.

THEODORE G. BILBO.

JAMES M. MEAD.

WARREN G. MAGNUSON.

JANUARY 31, 1945.



79TH CONGRESS
1ST SESSION

S. 375

[Report No. 30]

IN THE SENATE OF THE UNITED STATES

JANUARY 22, 1945

Mr. GEORGE introduced the following bill; which was read twice and referred to the Committee on Commerce

JANUARY 31, 1945

Reported, under authority of the order of the Senate of January 29, 1945, by Mr. BAILEY, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To provide for the effective administration of certain lending agencies of the Federal Government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Federal Loan Agency created by Reorganization
4 Plan Numbered I under the Reorganization Act of 1939 is
5 hereby reestablished as an independent agency in the execu-
6 tive branch of the Government, with a Federal Loan Ad-
7 ministrator at the head thereof. The Federal Loan Admin-
8 istrator shall be appointed by the President, by and with the
9 advice and consent of the Senate, and shall receive a salary
10 at the rate of \$12,000 per annum.

1 SEC. 2. The Federal Loan Administrator shall appoint
2 an Assistant Federal Loan Administrator, who shall receive
3 a salary at the rate of \$9,000 per annum. The Assistant
4 Administrator shall act as Administrator during the absence
5 or disability of the Administrator, or in the event of a
6 vacancy in that office, and shall perform such other duties
7 as the Administrator shall direct.

8 SEC. 3. All functions, powers, and duties transferred
9 to the Department of Commerce under Executive Order
10 Numbered 9071, dated February 24, 1942, and all func-
11 tions, powers, and duties of the Department of Commerce
12 or the Secretary of Commerce with respect to all other
13 corporations created or organized by the Reconstruction
14 Finance Corporation under section 5d of the Reconstruction
15 Finance Corporation Act, as amended, or any other sub-
16 sidiaries of the Reconstruction Finance Corporation, together
17 with the respective personnel, records, and property (in-
18 cluding office equipment), of the agencies to which such
19 functions, powers, and duties relate, are hereby transferred
20 to the Federal Loan Agency.

21 SEC. 4. The Administrator shall supervise the admin-
22 istration, and shall be responsible for the coordination of
23 the functions and activities, of the agencies transferred under
24 the provisions of this Act to the Federal Loan Agency.
25 The Administrator may appoint such officers and employees

1 and make such expenditures as may be necessary to carry
2 out the provisions of this Act.

3 SEC. 5. So much of the unexpended balances of the
4 appropriations, allocations, or other funds available or to be
5 made available for the use of the Department of Commerce
6 in the exercise of any function transferred by this Act, as
7 the Director of the Bureau of the Budget with the approval
8 of the President shall determine, shall be transferred to the
9 Federal Loan Agency for use in connection with the exer-
10 cise of the functions so transferred. In determining the
11 amount to be transferred the Director of the Bureau of the
12 Budget may include an amount to provide for the liquidation
13 of obligations incurred against such appropriations, alloca-
14 tions, or other funds prior to the transfer.

15 SEC. 6. Nothing in this Act shall be construed to trans-
16 fer any functions from the National Housing Agency or from
17 any other agency or establishment other than the Department
18 of Commerce.

19 *That the Federal Loan Agency, created by section 402 of*
20 *the President's Reorganization Plan Numbered I under*
21 *authority of the Reorganization Act of 1939, shall continue*
22 *as an independent establishment of the Federal Government*
23 *and shall continue to be administered under the direction*
24 *and supervision of the Federal Loan Administrator in the*
25 *same manner and to the same extent as if Executive Order*

1 9071, dated February 24, 1942, transferring the functions
2 of the Federal Loan Agency to the Department of Commerce,
3 had not been issued.

4 SEC. 2. All powers, functions, and duties of the Depart-
5 ment of Commerce and of the Secretary of Commerce which
6 relate to the Federal Loan Agency are hereby transferred to
7 the Federal Loan Agency to be administered under the direc-
8 tion and supervision of the Federal Loan Administrator.

9 SEC. 3. The unexpended balance of the funds made
10 available to the Secretary of Commerce by Public Law 365,
11 Seventy-eighth Congress, approved June 28, 1944, for ad-
12 ministrative expenses of supervising loan agencies, shall be
13 transferred to the Federal Loan Agency to be used for the
14 administrative expenses of that Agency.

15 SEC. 4. No functions, powers, or duties shall be trans-
16 ferred from the Federal Loan Agency under the provisions
17 of title I of the First War Powers Act, 1941, or any other
18 law unless the Congress shall otherwise by law provide.

79TH CONGRESS
1ST Session

S. 375

[Report No. 30]

A BILL

To provide for the effective administration of certain lending agencies of the Federal Government.

By Mr. GEORGE

JANUARY 22, 1945

Read twice and referred to the Committee on Commerce

JANUARY 31, 1945

Reported with an amendment

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 2, 1945, for actions of Thursday, February 1, 1945)

(For staff of the Department only)

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SENATE

1. COMMODITY CREDIT. Banking and Currency Committee reported with amendments S.298, to continue CCC as a U.S. agency, increase its borrowing power, revise the basis for annual appraisal of its assets, etc. (S.Rept. 32) (p. 701).
2. FARM PROGRAM. Sen. Capper, Kans., inserted the Kansas Board of Agriculture's resolutions concerning the western-farm program, and including such subjects as: policy making, world trade in wheat; world administration, filled milk, farms for veterans, Missouri basin development, water utilization, highways, flour enrichment, butter, predatory animals, and daylight saving (pp.700-1).
3. LOAN AGENCIES. Passed, 74-12, S. 375, the George bill, separating certain Federal lending agencies from the Department of Commerce (pp. 707-20). Agreed to Sen. Byrd's amendment as modified by Sen. Russell's amendment to provide for GAO audit for all Government corporations, "provided, That by agreement between the General Accounting Office and said corporation the expenses of said audit may be paid from funds of such corporation" (pp. 714-20). Sens. Byrd, Russell, Vandenberg, and others discussed the proviso (pp. 719-20).
4. NOMINATION. Agreed to Sen. Barkley's (Ky.) motion to postpone consideration of the nomination of Henry A. Wallace to be Secretary of Commerce until Mar. 1 (p. 722).
Sen. Aiken, Vt., inserted a Vermont Farm Bureau telegram favoring the separation of RFC from the Department of Commerce and the nomination of Henry A. Wallace to be Secretary of Commerce (p. 700).
5. EDUCATION: COMMUNICATIONS. Passed without amendment S. 63, to amend the Communications Act so as to prohibit interference with the broadcasting of noncommercial cultural or educational programs (pp. 725-6).
6. ST. LAWRENCE WATERWAY. Sen. Aiken, Vt., inserted a Burlington C of C resolution favoring this project (p. 700).

7. PATENTS. Agreed to Sen. Pepper's (Fla.) request to have the National Patent Planning Commission report on Government-Owned Patents and Inventions of Government Employees and Contractors printed as a Senate document (p. 704).
 8. BANKING AND CURRENCY. Sen. Vandenberg, Mich., urged early Banking and Currency Committee action on his proposal to increase from \$100,000 to \$300,000 the exemption from SEC regulations for the registration and control of the issuance of securities (p. 730).
 9. ADJOURNED until Mon., Feb. 5 (p. 730).
- HOUSE
10. PENALTY MAIL. Received from the Acting Postmaster General a report of the estimated number of pieces of matter mailed free of postage under the penalty privileges during the quarter ended Sept. 30, 1944. To Post Offices and Post Roads Committee. (p. 771.)
 11. FOREIGN SERVICE; PERSONNEL. Foreign Affairs Committee reported with amendment H.R. 689, to enable the State Dept. to carry out its responsibilities, to strengthen the Foreign Service, permitting fullest utilization of available personnel and facilities of other Federal agencies and coordination of activities abroad under a U.S. Foreign Service unified under the Department of State (H. Rept. 51) (p. 772).
 12. HEALTH. Received the annual report of the Public Health Service for the fiscal year 1944. To Interstate and Foreign Commerce Committee. (p. 772.)
 13. FARM LOANS. Received an Alamo National Farm Loan Association petition opposing H.R. 667, relating to the disposition of mineral rights to any land acquired by any Federal land bank or by the Land Bank Commissioner through the foreclosure of any mortgage. To Agriculture Committee. (p. 773.)
 14. NATIONAL SERVICE. Passed, 246-165, as reported, the May bill, H. R. 1752, after rejecting, 183-230 Rep. Short's (Mo.) motion to recommit the bill (pp. 733-70). Rejected, 71-205, Rep. Voorhis' (Calif.) substitute amendment which included a provision designed to eliminate "the hoarding of manpower by the Government" (pp. 735-58). Rep. Andresen, Minn., stated, "Instead of demanding the passage of this bill, the Executive Department should do some house cleaning as an example for industry" (p. 756).
 15. LEGISLATIVE PROGRAM. Majority Leader McCormack announced that the farm-census appropriation bill will be considered next Tues., after which the independent offices appropriation bill will be in order (pp. 771-2).

BILLS INTRODUCED

16. MARKETING AGREEMENTS. S. 427, by Sen. Cordon, Oreg., and H. R. 1922, by Rep. Lea, Calif., to amend the Agricultural Marketing Agreement Act so as to permit orders relating to hops. To Agriculture and Forestry Committee. (p. 702.)
17. TRANSPORTATION. S. 432, by Sen. Shipstead, Minn., to increase the period of limitation on actions against railroad carriers for recovery of overcharges from 2 to 4 years. To Interstate Commerce Committee. (p. 702.)
18. FARM LOANS. S. 433, by Sen. Shipstead, Minn., to amend the National Housing Act so as to eliminate the requirement that not less than 15 percent of the

of the Government, regardless of who may hereafter be appointed by the President to head the agency.

The VICE PRESIDENT. The question is on the motion of the Senator from North Carolina [Mr. BAILEY] that the Senate proceed to the consideration of executive business. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. If he were present he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The roll call was concluded.

Mr. WHERRY. The junior Senator from Minnesota [Mr. BALL] is absent because of illness. If he were present he would vote "nay."

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] is absent from the Senate because of illness.

The Senator from Kentucky [Mr. CHANDLER] is absent because of illness in his family.

The Senator from Maryland [Mr. RADCLIFFE] is detained on important public business.

The Senator from New York [Mr. MEAD] is detained in a committee meeting.

The Senator from New Mexico [Mr. HATCH] is absent on official business.

The Senator from Florida [Mr. ANDREWS], the Senator from North Dakota [Mr. MOSES], the Senator from New York [Mr. WAGNER], and the Senator from Montana [Mr. WHEELER] are necessarily absent.

I further announce that if present and voting, the Senators from New York [Mr. MEAD and Mr. WAGNER] and the Senator from New Mexico [Mr. HATCH] would vote "nay."

Mr. TAFT (after having voted in the affirmative). I change my vote to "nay."

The result was announced—yeas 41, nays 43, as follows:

YEAS—41

Bailey	George	Revercomb
Bankhead	Gerry	Robertson
Bridges	Gurney	Scrugham
Brooks	Hawkes	Smith
Buck	Hickenlooper	Stewart
Bushfield	Hoey	Thomas, Idaho
Butler	Johnson, Calif.	Tobey
Byrd	Johnson, Colo.	Tydings
Capehart	McCarran	Vandenberg
Capper	McClellan	Wherry
Connally	McKellar	White
Cordon	Millikin	Wiley
Donnell	Moore	Willis
Ferguson	O'Daniel	

NAYS—43

Aiken	Hill	O'Mahoney
Austin	Johnston, S. C.	Overton
Barkley	Kilgore	Pepper
Bilbo	La Follette	Russell
Brewster	Langer	Saltonstall
Briggs	Lucas	Shipstead
Burton	McFarland	Taft
Chavez	McMahon	Taylor
Downey	Magnuson	Thomas, Okla.
Eastland	Maybank	Thomas, Utah
Ellender	Mitchell	Tunnell
Fulbright	Morse	Walsh
Green	Murdock	Wilson
Guffey	Murray	
Hayden	Myers	

NOT VOTING—11

Andrews	Hatch	Reed
Ball	Mead	Wagner
Chandler	Moses	Wheeler
Glass	Radcliffe	

So Mr. BAILEY's motion to proceed to the consideration of executive business was rejected.

Mr. BARKLEY and Mr. TAFT addressed the Chair.

The VICE PRESIDENT. The Senator from Kentucky.

Mr. TAFT. I move that the vote by which the motion was rejected be reconsidered.

Mr. LUCAS. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. The Chair recognized the Senator from Kentucky.

The VICE PRESIDENT. That is correct.

Mr. BARKLEY. Mr. President, if the Senator from Ohio desires to make his motion to reconsider, I yield for that purpose.

Mr. TAFT. Mr. President, I move that the vote be reconsidered.

Mr. BRIDGES. I second that motion.

Mr. BARKLEY. Mr. President, I should like the Senator to understand my viewpoint about the matter. I intended to move that the Senate proceed to the consideration of the George bill, in view of the defeat of the motion of the Senator from North Carolina [Mr. BAILEY]. Therefore, I insist on the right to make that motion at this time, having been recognized by the Chair.

Mr. TAFT. Mr. President, the Senator yielded to me for the purpose of making the other motion, and I made the other motion.

The VICE PRESIDENT. The Chair informs the Senator from Ohio that he is not precluded from making that motion at any time.

The Chair recognized the Senator from Kentucky. Unless he yielded for that purpose, he still has the floor.

ADMINISTRATION OF CERTAIN GOVERNMENT LENDING AGENCIES

Mr. BARKLEY. Mr. President, I now move that the Senate proceed to the consideration of the George bill, Senate bill 375, Calendar No. 27.

The VICE PRESIDENT. The bill will be read by title.

The CHIEF CLERK. A bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government.

Mr. BARKLEY. On that motion, Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. I understand that on this vote he would vote as I am about to vote, and therefore I will vote. I vote "yea."

Mr. CHAVEZ. I neglected to announce, when the name of my colleague [Mr. HATCH] was called, that he is un-

avoidably detained. If he were present, he would vote "yea." Let me add that if he had been present when the vote was taken on the motion of the Senator from North Carolina [Mr. BAILEY], he would have voted "nay."

Mr. WHERRY. The junior Senator from Minnesota [Mr. BALL] is absent on account of illness. If he were present and were permitted to vote, he would vote "yea."

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] is absent from the Senate because of illness.

The Senator from Kentucky [Mr. CHANDLER] is absent because of illness in his family.

The Senator from Maryland [Mr. RADCLIFFE] is detained on important public business.

The Senator from New York [Mr. MEAD] is detained in a committee meeting.

The Senator from New Mexico [Mr. HATCH] is absent on official business.

The Senator from Florida [Mr. ANDREWS], the Senator from North Dakota [Mr. MOSES], the Senator from New York [Mr. WAGNER], and the Senator from Montana [Mr. WHEELER] are necessarily absent.

The result was announced—yeas 83, nays 2, as follows:

YEAS—83

Aiken	Green	Myers
Austin	Guffey	O'Daniel
Bailey	Gurney	O'Mahoney
Bankhead	Hawkes	Overton
Barkley	Hayden	Pepper
Bilbo	Hickenlooper	Reed
Brewster	Hill	Revercomb
Bridges	Hoey	Robertson
Briggs	Johnson, Calif.	Russell
Brooks	Johnson, Colo.	Saltonstall
Buck	Johnston, S. C.	Scrugham
Burton	Kilgore	Shipstead
Bushfield	La Follette	Smith
Butler	Langer	Taft
Byrd	Lucas	Taylor
Capehart	McCarran	Thomas, Okla.
Capper	McClellan	Thomas, Utah
Chavez	McFarland	Tobey
Connally	McKellar	Tunnell
Cordon	McMahon	Tydings
Donnell	Magnuson	Vandenberg
Downey	Maybank	Walsh
Eastland	Millikin	Wherry
Ellender	Mitchell	White
Ferguson	Moore	Wiley
Fulbright	Morse	Willis
George	Murdock	Wilson
Gerry	Murray	

NAYS—2

Stewart, Thomas, Idaho

NOT VOTING—10

Andrews	Hatch	Wagner
Ball	Mead	Wheeler
Chandler	Moses	
Glass	Radcliffe	

So the motion was agreed to; and the Senate proceeded to consider the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert:

That the Federal Loan Agency, created by section 402 of the President's Reorganization Plan No. 1 under authority of the Reorganization Act of 1939, shall continue as an independent establishment of the Federal Government and shall continue to be admin-

istered under the direction and supervision of the Federal Loan Administrator in the same manner and to the same extent as if Executive Order 9071, dated February 24, 1942, transferring the functions of the Federal Loan Agency to the Department of Commerce, had not been issued.

SEC. 2. All powers, functions, and duties of the Department of Commerce and of the Secretary of Commerce which relate to the Federal Loan Agency are hereby transferred to the Federal Loan Agency to be administered under the direction and supervision of the Federal Loan Administrator.

SEC. 3. The unexpended balance of the funds made available to the Secretary of Commerce by Public Law 365, Seventy-eighth Congress, approved June 28, 1944, for administrative expenses of supervising loan agencies, shall be transferred to the Federal Loan Agency to be used for the administrative expenses of that Agency.

SEC. 4. No functions, powers, or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941, or any other law unless the Congress shall otherwise by law provide.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the Committee on Commerce.

Mr. GEORGE. Mr. President, on page 4, line 6, after the word "agency", I offer to amend the committee amendment by inserting the following: "(together with the respective personnel, records, and property, including office equipment, relating to the exercise of such powers, functions, and duties)." The amendment is merely to make clear what otherwise might not be clear.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia to the committee amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now recurs on agreeing to the committee amendment as amended.

Mr. BAILEY. Mr. President, as chairman of the Committee on Commerce, to which the bill was referred and which has reported it favorably. I think it is appropriate for me to make a brief statement.

It will not be necessary to go into the matter at any great length. The text of the bill is simple, and its meaning is clear. I think that the passage of the bill is of great importance. I question whether there will be any great amount of opposition to it. The committee conducted thorough and interesting hearings upon the bill, and heard from its author, from Hon. Jesse Jones, and from Hon. Henry A. Wallace. There was some demand for further hearings, but the committee felt that the matter had been very thoroughly thrashed out, and so it reported the bill.

The objective of the bill is to take away from the Department of Commerce those agencies headed by the R. F. C. which have been chiefly described as the lending agencies. The bill would by no means affect all the lending agencies of the Government, but only those agencies which were transferred either in actuality, or by virtue of their functions, by the President under the First War Powers Act. The bill would establish them once again as independent

agencies, and would separate once again the Federal Loan Administrator from association with the Secretary of Commerce, which association was authorized by the President.

With that statement, Mr. President, I believe it is appropriate for me to yield to the author of the bill, the senior Senator from Georgia [Mr. GEORGE], and ask him to express his views to the Senate. He did so with very great eloquence before the committee.

Mr. GEORGE. Mr. President, I do not care to go into an extended discussion of the bill because, by its terms, it is simple and easily understandable. For the purpose of illustrating my good faith in introducing the bill, I merely invite attention to certain facts which are extraneous to the record.

I am aware that in some quarters, which are ill-advised and uninformed, a motive far different from that which I have had in mind has been described to me in the introduction of the bill. It so happens that I was invited to sit in at the earliest conference of citizens and legislators which was held and which recommended and, in a measure, outlined the original Reconstruction Finance Corporation Act. As every Member of this body knows, that occurred under the administration of Mr. Hoover at a time when there was increasing unemployment. There was an inability, or an unwillingness on the part of banks to extend credit, and a collapse of business was threatened. Following the conference to which I have referred, there was introduced the bill which became the original Reconstruction Finance Corporation Act. That act has been, of course, greatly expanded in the years since its enactment. However, its primary purpose has remained the same throughout its history. Certain amendments were made to the organic act itself in order to take care of unusual situations such as floods, destruction by cyclones, hurricanes, and other like catastrophes.

When the Reorganization Act of 1939 was passed the President was authorized by that act to transfer by order the functions of agencies of the Government, and he issued Reorganization Plan No. 1. That was in April 1939. Section 402 of that plan created the Federal Loan Agency, and brought it, as well as certain other corporations associated with or subsidiaries of the Reconstruction Finance Corporation, within the jurisdiction of the Reconstruction Finance Corporation. By the terms of the Reorganization Act of 1939 the plan would have become law in any event after it had been on file with the Congress for 60 legislative days unless in the meantime some affirmative act had been taken amounting to a disapproval of the order by the Congress; but on June 7, 1939, the President himself approved Public Resolution 20, Seventy-sixth Congress, which provided that plan No. 1 should take effect July 1, 1939.

It will be recalled by Members of the Senate who were then in service that a resolution had been passed authorizing the holding of two offices, to wit, the

office of Administrator of the loan agencies and the Department of Commerce by one and the same person, to wit, Jesse H. Jones, but with the provision that only one salary, namely the salary provided for the Secretary of Commerce, should be received by him. At that time there were some of us who doubted the wisdom of permitting the two offices to be held by one and the same person. There was some discussion on the floor and in committee on that resolution, but upon the assurance that it would not serve as a precedent for future legislative action no opposition was actually offered. I may say, Mr. President, that some of us who doubted the wisdom of the action taken at that time have subsequently given study to this matter.

Now I call attention of the Senate to the fact that the special committee of which the junior Senator from Virginia [Mr. BYRD] is chairman has had under study for some time the agencies of government, particularly the corporations created by the Congress and authorized by the Congress, and some legislation has been under study and, I may say, is in course of preparation.

It was believed by that committee—and I am a member of it—that many of the agencies were operating under very loose authority and without necessary legislative safeguards, restrictions, and limitations. Therefore, I had given study to this matter long prior to the opening day of the Seventy-ninth Congress. It had again occurred to me, and had been under consideration by me, that it would be advisable to introduce a bill to separate and to return to the administrator of the Federal loan agencies the various functions and organizations transferred to the Department of Commerce by the President under Executive order under date of February 24, 1942, under the First War Powers Act. Actually the then Secretary of Commerce was acting as the Administrator of the loan agencies and, of course, as Secretary of Commerce; but, for some reason, the President issued his Executive order transferring the R. F. C. and certain loan agencies enumerated in Plan No. 1 under the Reorganization Act to the Department of Commerce. So, Mr. President, the bill is designed to accomplish exactly what I think should have been permitted to remain as the legal status of these several loan agencies from the beginning.

I do not think it necessary to enter into a long discussion, because I am quite sure that all Senators have examined the various loan agencies, are familiar with the tremendous scope and power of those agencies, and have given consideration to the return of those agencies, all created by the Congress, to an agency directly responsible to the Congress and which can be reasonably controlled by the Congress itself.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Wyoming?

Mr. GEORGE. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I should like to call the Senator's attention to the language in the report on page 5. At the end of the second paragraph on that page it says with respect to the powers which have been granted the R. F. C. and which may be granted in the future:

The greater the necessity for the exercise of extraordinary powers the greater becomes the responsibility of Congress for bringing the exercise of those powers more immediately under its scrutiny, and only by such action can the Congress discharge its direct responsibility for the Nation's welfare.

Mr. President, I wonder if the Senator would care to make any comment as to whether or not the bill now before the Senate establishes any procedure whereby greater scrutiny by Congress can or will be exercised of this agency?

Mr. GEORGE. I may say to the Senator that the bill does not, except that it takes the necessary first step, as I think, to return these agencies to an independent status, subject, of course, to such legislation as the Congress may enact.

I may explain, if the Senator will permit me, that I did not include what I believe to be very pertinent provisions in the bill, because I was of the opinion that the Commerce Committee, not being a legislative committee which could consider the various loan agencies or which had initially considered the loan agencies, should not be asked to go into the question of prescribing additional limitations or restrictions on these agencies.

Mr. O'MAHONEY. I recognize the soundness of that view, but I desire to ask the Senator whether it is his opinion that Congress should now consider, through the proper committee, the imposition of regulations and control whereby the Congress can exercise a greater degree of direction over the activities of these loaning agencies?

Mr. GEORGE. I certainly do; I think it is imperative; and I may say that the Senator from Vermont, I believe, and the Senator from Virginia have both presented me with amendments which would subject the R. F. C. and the various other loaning agencies to the scrutiny of the Comptroller General and require the Comptroller General to make an annual report. So far as I am concerned, I would not resist that type of an amendment even on this bill, but in the first instance I did not think it proper to ask the Commerce Committee to give consideration to the organic act of any one of the loan agencies, the Commerce Committee not having jurisdiction over them, but it did have, I think, clearly, jurisdiction over the Department of Commerce and over what should go into or be kept out of the Department of Commerce.

Mr. O'MAHONEY. I suggest that the adoption of any amendment or any provision which would extend to the General Accounting Office the power to audit the R. F. C. would not of itself provide Congress with the supervisory powers which, in my judgment, Congress should exercise.

Mr. GEORGE. Not at all; I did not mean to say it would be exhaustive.

Mr. O'MAHONEY. I understood the Senator did not.

Mr. GEORGE. But the amendments themselves contemplate a pretty rigid scrutiny by the Comptroller General, with a report to the Congress at stated periods, which would presuppose at least congressional scrutiny of the agencies.

Mr. O'MAHONEY. Mr. President, if the Senator will permit me, I wish merely to say that, in my judgment, this whole incident, and the pending bill particularly, present a challenge to the Congress. There can be no doubt that Congress has allowed these vast powers to gather around the R. F. C. in a manner which I am sure was not understood in its aggregate until the hearings upon the bill were conducted. If Congress now, having full knowledge of the vast powers over our entire system which are vested in the R. F. C. and its affiliated organizations, should permit this matter to drift, it would be a very sad day, in my judgment, both for the Congress and for the country.

Mr. GEORGE. I fully agree with the Senator. I have no doubt that the members of the committees having legislative jurisdiction over the agencies themselves will take appropriate steps to tighten the control of the Congress over the agencies.

Mr. President, I have now said all I care to say regarding the merits of the bill. I merely wish again to emphasize the fact, which is a fact, that for some time I contemplated offering a bill of this character, which, but for the question of jurisdiction to which I have referred, would have been much more comprehensive than the bill actually now before the Senate.

I do not believe any Cabinet officer should be given the vast powers which are granted under existing law and Executive order to the Department of Commerce. I say that for the reason that the Cabinet officer himself becomes the actual adviser of this body. The Secretary of the Treasury has an all-powerful voice in the making of taxes, the enactment of revenue acts. Every other department sends in its opinions, as it should, of course, but it has a very strong influence in shaping and controlling the activities of Congress.

I do not believe any Government officer, I care not who he may be, should be clothed with this vast power, which so vitally affects the commerce, the industry, the finances, and, indeed the whole business of the country, and can so certainly influence its social and political life, as the Department of Commerce might today affect and influence our lives.

I therefore believe that the Congress owes the duty to the American people of taking this initial step, to be followed by other effective steps to constitute these lending agencies by congressional action in such a way that the Congress can better scrutinize, control, and direct their affairs.

Mr. BARKLEY. Mr. President, I wish to make a very brief statement in view of the vote I shall cast on the bill, and my attitude on it. I feel that it is my duty to do so because I was a member of the Committee on Banking and

Currency when the original Reconstruction Finance Corporation Act was passed, during the Hoover administration.

As we all know, at that time the economic condition of the country had come to a pass where credit was unavailable from the ordinary sources of credit for legitimate business, for manufacturing industries, and for other purposes for which money is usually loaned. The Reconstruction Finance Corporation was set up to bridge that chasm, and to function largely where private lending agencies were unable to function.

I do not have the act before me, but my recollection is that in the original law we provided that loans should be made with such security as practically to guarantee the repayment of the loans to the Reconstruction Finance Corporation, so far as security could do so. It was set up originally as a lending agency, the Congress recognizing that the Government had sources from which to obtain money and credit which private institutions did not possess, or, if they possessed them, they were not in a position or were not willing to make the money available to the business world.

Later the Reconstruction Finance Corporation Act was amended, whereby the original rigidity of the security requirement was somewhat modified to provide that such security should be exacted of the borrower as to make it reasonably sure that the loan would be repaid.

I mention these things because the Reconstruction Finance Corporation was not created as an eleemosynary institution. It was created as a lending agency, with restrictions thrown around it by Congress itself so as to make it reasonably sure that the money loaned would be repaid to the Government. That was regarded as wise, because the money loaned by the Reconstruction Finance Corporation was obtained either by taxes collected from the people, or by loans made by the people to the Treasury of the United States, from which the Reconstruction Finance Corporation in part got its money, the rest of it being obtained by issuing bonds guaranteed by the Government. So that it was the same thing in a different garb.

The war came on, the Reconstruction Finance Corporation was expanded, and Congress authorized the creation of subsidiary corporations, such as the Rubber Reserve Corporation, and the Defense Plants Corporation. Following the floods of 1937 I myself, in conjunction with the then Senator from Ohio, Mr. Bulkley, introduced a bill creating the Disaster Loan Corporation, to make loans to those who had been damaged by the floods.

When the war came on, of course, the functions of the Reconstruction Finance Corporation and its subsidiaries were inevitably and inseparably connected with the war effort. The power of the Reconstruction Finance Corporation and its subsidiaries was expanded by Congress and by Executive order. That was inevitable, but the time will come, if it is not now here, when Congress must consider the whole picture of the function of the Reconstruction Finance Corporation and its subsidiary corporations.

Congress, it seems to me, will be required to consider whether the Reconstruction Finance Corporation, by any revamping of the law itself, or by any expansion of the Corporation's functions, or any adjustment or rearrangement of its facilities shall become an agency for dealing primarily with social questions rather than financial questions, admitting the inability of separating the two in a sense, because every time a bank loans money to a borrower it creates a social situation which may be to the advantage of the borrower or to his associates in business or to his employees. When we created the Disaster Loan Corporation for the benefit of the river valleys which had been devastated we undoubtedly affected the social welfare of people who were eligible to obtain loans and did obtain loans. But that was not the primary consideration. We made these loans through the Disaster Loan Corporation because banks were not in a position to do it, and because the terms of credit had to be a little more generous than a bank would be justified in giving.

So that I myself, having gone through the history of the R. F. C. on the Banking and Currency Committee, take the position that we must at a very early date consider what function the R. F. C. and its affiliates are to perform in the post-war period. It ought not to be left to chance. I think we must consider legislation of that sort, and, so far as I am concerned, as a member of the Banking and Currency Committee which has jurisdiction over legislation affecting the loan agencies, I shall myself feel it incumbent upon me to urge at the earliest date that we decide what is to be the function of the Reconstruction Finance Corporation and all its affiliates.

Mr. President, I wish to say another thing. The President by order No. 1, under the Reorganization Act, as the Senator from Georgia [Mr. GEORGE] pointed out, set up the Federal Loan Agency. Mr. Jesse Jones was made the head of that Agency. The President desired to appoint Mr. Jones Secretary of Commerce. According to Mr. Jones' statement in the hearing, he did not seek that appointment; he did not seek this double duty. Later on when it was again suggested, Mr. Jones replied—and as I recall he so stated in his testimony—that he could not hold both offices under the law. It was then that Mr. Jones was requested to take whatever steps were necessary to cause Congress to enact a law which would refer only to him by name, authorizing him, notwithstanding any law then in existence, to occupy the position of Secretary of Commerce at the same time he occupied the position as head of the Federal Loan Agency. That was back in 1940. The measure was promptly passed by both Houses, and I dare say that Congress was induced to pass it largely because Congress felt that Mr. Jones had done a splendid job as head of the R. F. C. and other lending agencies, and that if he was to be Secretary of Commerce also, Congress did not wish him to be required to give up the control of the lending agencies. I believe that confidence of Congress was justified, for I think, and

I am not at all hesitant in saying so, that Mr. Jones did a splendid, outstanding job as head of the Reconstruction Finance Corporation and as head of the lending agencies after they were consolidated and he was appointed Administrator.

Mr. TOBEY. Mr. President—

The PRESIDING OFFICER (Mr. LUCAS in the chair). Does the Senator from Kentucky yield to the Senator from New Hampshire?

Mr. BARKLEY. I yield.

Mr. TOBEY. The President of the United States also felt the same way, as indicated by the verbiage in his letter to the Honorable Jesse Jones asking him to resign, did he not?

Mr. BARKLEY. The President stated in his letter substantially what I have stated.

Mr. TOBEY. Exactly. I simply wanted the Senator to bring that out.

Mr. BARKLEY. The President's letter speaks for itself, and I agree with what the President said concerning Mr. Jones' record. I have repeatedly so stated here on the floor, and it has been my attitude in the Banking and Currency Committee, as every member of the committee knows.

Two years ago the President issued an order transferring certain functions of the Federal loan agencies to the Department of Commerce or to the Secretary of Commerce. I have forgotten whether the order transferred them to the Department or to the Secretary, but I believe to the Department of Commerce. I am sure that in the President's opinion he had some good reasons for making that transfer, but I do not know what that reason was, because Mr. Jones, being both Secretary of Commerce and the head of the Loan Agency, occupying both positions by the consent of Congress, was in charge of both, and it was like taking money out of one pocket and putting it into another of the same pair of trousers.

Two years ago, Mr. President, I had occasion to express my opinion about the consolidation of the duties of the Secretary of Commerce, and also about the extra Vice Presidential duties of Mr. Wallace, who was at that time head of the Board of Economic Warfare. During the rather unfortunate newspaper controversy between Mr. Jones and Mr. Wallace about the purchase of critical materials, I was asked by a very high authority in the executive department of the Government what I thought about it, and I said what I thought, and I am going to repeat here what I said. I said that I believed that any man elected Vice President of the United States, the second highest office within the gift of the American people, ought to devote his entire time, so far as his official duties were concerned, to the performance of his duties as Vice President; that that was a full-time big man's job if it was looked after properly, and that therefore I did not believe the President ought to have made or ought to have retained Vice President Wallace as head of the Board of Economic Warfare.

I notice in the newspapers that the new Vice President has adopted that theory by saying that he is not going to

do anything else except be Vice President, and since his retirement from the office, the former Vice President, Mr. Wallace, has in a newspaper interview, announced that he does not believe the Vice President ought to be saddled with any other duties except the duties of the Vice President. So we all agree about that.

At the same time I said I thought the job of being Secretary of Commerce was sufficiently important to occupy the entire time of any man. It is a Cabinet position. It is a high honor. That office deals with our industrial and commercial life, both domestically and internationally, and I believe that any man who is appointed to a Cabinet position, whether it be Secretary of Commerce or other Cabinet office, though the Secretary of Commerce was the position especially under discussion, ought not to be "saddled," if that is the proper term, and using the quotation from the Vice President, with another job as big or bigger than that of being Secretary of Commerce. I thought that the Secretaryship of Commerce was a full-time big man's job, and that being administrator of the Federal lending agencies was also a full-time big man's job, and that the two jobs ought not to be combined. That was my opinion 2 years ago; it is my opinion now, and that explains that my attitude respecting the George bill has not been induced by the appointment of Henry Wallace as Secretary of Commerce.

Mr. President, I believe the George bill ought to be passed. I think it will be passed by the Senate by a very large majority, and I will say that I have every assurance from the other end of the Capitol that it will be taken up, if passed here, and promptly disposed of over there. What the President will do with it I am not in a position to say, but that is not our particular concern at the moment. In spite of the enthusiasm of those who think that as it is now constituted and created the R. F. C. and the Federal loan agencies, without any further enactment of Congress or without any restrictions, or without Congress charting the highway to be traveled by the R. F. C. and its affiliates, ought to constitute themselves, under present conditions, the sole and only post-war agencies for the doing of many things which we have in mind as necessary when the war shall end, I believe Congress would not be justified in sanctioning such action.

Mr. REED. Mr. President, will the Senator yield to me before he takes his seat?

Mr. BARKLEY. I yield.

Mr. REED. I wish to express my complete agreement, Mr. President, with the policy which the majority leader has just announced.

I shall now ask the majority leader a question in order to satisfy a burning curiosity which exists on this side of the aisle. The majority leader is appearing in the Senate today with some covering over his left optic. A Democratic caucus was held this morning. None of the Senators on this side of the aisle were permitted to be present at that caucus. To satisfy the curiosity of some of us

on this side of the aisle, I inquire of the Senator from Kentucky whether there is any connection between the condition of his left optic and the Democratic caucus held this morning?

Mr. BARKLEY. I will answer the Senator frankly. If the Republican Members of the Senate had allowed us on this side of the aisle to sit in on their caucus held the other day respecting Henry Wallace, we would have reciprocated by inviting them to sit in on ours.

Mr. REED. None of our Senators appeared in the condition in which the distinguished Senator from Kentucky appears today.

Mr. BARKLEY. I hope none of the minority members will ever appear on the floor of the Senate in the condition in which I appear at the moment. I probably look more like Dead-Eye Dick than a United States Senator. [Laughter.]

Mr. REED. The Senator from Kentucky knows how deeply I sympathize with him.

Mr. BARKLEY. I will explain to the Senator why I am wearing this patch. The Senator may recall that during December I had an ulcer on the cornea of my left eye, which healed, and I thought there would be no further difficulty. Ten days or 2 weeks ago it recurred, and I had to resume my incarceration in the hospital. It has again healed, and I hope it will not again recur. However, the doctor told me that I ought to wear this patch on my eye to protect it from wind; and I thought I ought to wear it in the Senate. [Laughter.]

Mr. President, that is all I have to say. I wished to give the background of my position on the George bill, which I intend to support when it comes to a vote. I hope it will be enacted into law.

Mr. PEPPER. Mr. President, I shall not trespass upon the time of the Senate. While I have the greatest respect and deference for the views of Senators who are supporting the pending bill, in the present state of the record I am not in a position to be in accord with those ideas. Without taking the time of the Senate, therefore, and without endeavoring to repeat the sentiments which I feel on this subject, I ask unanimous consent that the minority views on the bill be printed in the RECORD at this point as a part of my remarks.

There being no objection, the minority views were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS ON S. 375

As Mr. Wallace said in his testimony before this committee, it is obvious that the occasion for the introduction of S. 375 was the nomination of Mr. Wallace to be Secretary of Commerce by President Roosevelt. Further, as Mr. Wallace said in his testimony:

"There are some who have suggested—perhaps in an effort to save my feelings or face—that this separation of the lending functions from the Commerce Department is desirable because of my alleged lack of experience in such field. Let me say that this talk does not fool me or the American public. You know and I know that it is not a question of my 'lack of experience.' Rather it is a case of not liking the experience I have."

Further in his testimony Secretary Wallace spoke of his own experience as follows:

"For 8 years I was Secretary of Agriculture. During that period the Commodity Credit Corporation, the Farm Security Administration, the Farm Credit Administration, and the Rural Electrification Administration were under my supervision. During that period these agencies loaned over \$6,000,000,000. We made 11,500,000 separate commodity credit loans and 1,208,000 rural rehabilitation loans. We arranged the financing to permit 20,184 tenant farmers to buy their own farms."

In addition to this experience as Secretary of Agriculture for 8 years, Mr. Wallace was Chairman of the Supplies, Priorities, and Allocations Board in the most critical period of the defense effort. Later Mr. Wallace did pioneer work in setting up the Board of Economic Warfare. Mr. Wallace has traveled extensively through the United States, South America, Europe, and the Orient on behalf of the United States Government as Vice President of the United States. Mr. Wallace is admittedly one of the foremost students of economics and political science in this country.

As Vice President during the last 4 years he sat in the meetings of the President's Cabinet; by virtue of his several positions he has been in intimate contact with the mobilization of the Nation's economy for the war effort.

No question has been raised as to Mr. Wallace's integrity, his intelligence, his industry, or his general competency. No single case of either bad administration, lack of foresight, or competence in the performance of any of the very responsible duties which have been under his charge, has been pointed out by the opposition. Indeed, the opposition has referred to no subject, no book, no statement, nor act of omission or commission on the part of Mr. Wallace which gives rise to the bitter fight which is being made in the Senate to keep him from being Secretary of Commerce and having general supervision of the lending agencies of the Government in the same way that Mr. Jesse Jones has occupied the office of Secretary of Commerce and exercised those supervisory functions for the past 4 years.

One cannot escape the conclusion, therefore, that as Mr. Wallace further said in his testimony:

"The real motive underlying these suggestions for stripping the Department of Commerce of its vast financial power has, of course, nothing to do with my competence to administer these powers. The real issue is whether or not the powers of the Reconstruction Finance Corporation and its giant subsidiaries are to be used only to help big business or whether these powers are also to be used to help little business and to help carry out the President's commitment of 60,000,000 jobs."

"In other words the question is really one of whether this committee, the Congress, and the American public want these enormous financial powers utilized and invested in free America—in a prosperous America."

The bill then presents the issue which Mr. Wallace posed in the question "Shall we approach the problems of peace with the same boldness of conception, the same courage and determination, as we have approached the problems of war?"

Mr. Wallace presents simply, courageously, and clearly the policies which he would pursue in the performance of the duties of Secretary of Commerce as they now exist.

He takes as his premise the preservation and stimulation of free enterprise and the promotion of the well-being of all the people of America. He tells this committee that if he is confirmed as Secretary of Commerce with supervision over the lending agencies that he will administer the agencies in the spirit of

those policies. To use Mr. Wallace's own words:

"For I can tell you here and now that if the R. F. C. is left in the Commerce Department, I will use its powers in the interest of all the American people."

And, Mr. Wallace says with equal candor: "If the Congress does not feel that the powers of the R. F. C. should be exercised in such a way as to further the objectives which I have set forth here, then I respectfully urge the Congress to take the R. F. C. out from under the control of the Commerce Department."

In his statement of policies, Mr. Wallace specifically enumerates the economic bill of rights embodied in the President's message to Congress as follows:

"The right to a useful and remunerative job in the industries or shops or farms or mines of the Nation;

"The right to earn enough to provide adequate food and clothing and recreation;

"The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;

"The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;

"The right of every family to a decent home;

"The right to adequate medical care and the opportunity to achieve and enjoy good health;

"The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;

"The right to a good education."

Mr. Wallace then in his address to the committee commented upon and amplified the eight points in this bill of rights of the President, and disclosed his general views and ideas with respect to the implementation of each of those points. Nowhere did Mr. Wallace intimate that he would exercise any authority which was not within the scope of the statutes governing the lending agencies now under the jurisdiction of the Department of Commerce. Nowhere did he question the necessity of having the approval of Congress if he were to attempt to exercise any authority not now conferred upon the Federal lending agencies. In fact, unlike his predecessor, he stated that if he were in charge of the lending agencies he would come to the Congress and seek legislation from the Congress permitting him to carry out the specific policies and projects which he thought were in the public interest and within the scope of the lending agencies generally. Specifically, in contrast to the policy of his predecessor, he stated that he thought the lending agencies should be subject to the audit of the Comptroller General and under the general supervision of the Director of the Bureau of the Budget. Mr. Wallace, therefore, far from manifesting any desire to ignore the statutes or the sentiments of Congress has shown every respect for the laws by which he would be governed in the administration of this agency and for the opinion of the Congress in the performance of his duties.

Not only did Mr. Wallace affirm his belief in private enterprise but the burden of his whole address to the committee was to show that the lending agencies properly employed could be a great bulwark to private enterprise in the United States and in the world. He went further and set out specific suggestions as to how he would help private enterprise by making credit and capital available for foreign trade, for small business and for new enterprises, and for the stimulation of the economy of those parts of the country which heretofore have not kept pace with the more favored regions of the Nation.

The most severe critic of the former Vice President cannot find in his address to the

committee one objectionable word, in our opinion.

On the other hand, he shows an understanding of our economy and the world economy which is sorely needed in one who is to direct the agencies under the control of the Federal Loan Administration. He shows an understanding of the principles which must govern our foreign trade, of the economic significance of full employment and of the lack of full employment in this country. He shows an understanding of the necessity of the free flow of investment capital essential to the progress of the Nation. He grasps the significance of education and of health as the firm foundation upon which the Nation can be strong.

Mr. Wallace made the statement to the committee that the first problem facing him was the winning of the war; second, the winning of the peace; and third, the providing of full employment for the people and adequate markets for the business and agriculture of the Nation.

Mr. Wallace proved himself to be a farseeing man by his efforts to build up stock piles of rubber as early as 1939, by the research program which the Department of Agriculture carried on in the field of rubber production while he was Secretary, and by his activities in developing sources in South America for strategic and critical war material, even before the war.

Few men who have ever appeared under similar circumstances have more courageously and candidly opened their minds to a Senate committee than did Mr. Wallace to this committee.

Why then the bitter opposition to Mr. Wallace? Why are Senators determined, even before Mr. Wallace is to be confirmed, to strip the office of Secretary of Commerce of these lending agencies? What is the alleged lack of experience and lack of confidence to which Senators refer without giving any indication to what they have in mind? Why are some Senators determined to prevent Mr. Wallace from being confirmed as Secretary of Commerce with the lending agencies stripped from it? The only rational conclusion which one can arrive at, is that those who would strip the Secretary of Commerce of the lending agencies which are now supervised by him, are opposed to what Wallace stands for and believes in and are opposed to the objectives which he has stated will guide him in the performance of his duties.

We agree with Mr. Wallace and not with his opposition. We believe not only in Mr. Wallace's integrity and his competence and his efficiency, but we believe also in the objectives which Henry Wallace symbolizes. We believe in the America which Henry Wallace is trying to help build. We believe that the things Henry Wallace believes in are essential to the maintenance and the growth of private enterprise in America. We believe that only if the office of Secretary of Commerce and all the Federal lending agencies are administered in the spirit of what Henry A. Wallace believes in, and in the interest of furthering those policies Henry A. Wallace laid down to the committee, can we have a fully employed and a prosperous America.

We believe that if Henry Wallace had 1 year of opportunity as Secretary of Commerce to direct the policies of the lending agencies now under that office, he would do it with such administrative competence and such wisdom of policy that it would meet with the overwhelming approval of the people of the Nation and of the Congress.

Accordingly, we cannot conscientiously refrain from saying that stripping the office of Secretary of Commerce of supervision of the lending agencies, if Henry Wallace is to be the incumbent of that office, would be a tragedy not for Henry Wallace but for America and to a considerable extent for the entire world. The Nation needs Henry

A. Wallace in this place. The farmers need him. All businessmen, large and small, need him. Both labor and capital need him. The President needs him. The Congress needs him.

The undersigned, therefore, earnestly hope that in its wisdom the Senate may not, either out of misunderstanding or out of any other motive, hurl a boomerang which will, possibly missing its victim, come back to do greater harm in the long run to the people's representatives and the people themselves.

We oppose at this time, therefore, the enactment of S. 375.

CLAUDE PEPPER.
THEODORE G. BILBO.
JAMES M. MEAD.
WARREN G. MAGNUSON.

JANUARY 31, 1945.

Mr. TAFT. Mr. President, I intend to vote for the bill because I have always been in favor of scattering power as much as it can be scattered; but so far as the bill accomplishing any real purpose is concerned, I do not believe that it would accomplish any purpose whatsoever.

The real difficulty with the R. F. C. is that its powers are grossly excessive. We gave unlimited power to the R. F. C. to go into any business having the remotest relation to the war—and that means any business. We gave it power to form corporations for that purpose. We gave it so many billion dollars that no one knows how many billion dollars it has. The laws are scattered through the books in such a manner that it is almost impossible to calculate the amount involved. I believe it has the power to borrow about \$14,000,000,000 and relend it. It probably still has about \$5,000,000,000 that it can lend for any purpose whatsoever.

When the bill which expanded it most came before the Senate for consideration in June 1940, former Senator Danaher and I opposed it. We succeeded in cutting down slightly the powers which were granted to the R. F. C. The R. F. C. came before Congress in May 1941, and again we endeavored in the Committee on Banking and Currency to hold its powers down as much as we could, but we were overridden. Finally a sort of compromise was reached.

The great difficulty in this whole situation is that we have given too much power to the R. F. C. As to the distribution of powers, there is no reason in the world for this bill except the desire to limit Henry Wallace, so that although he may become Secretary of Commerce, he may not also exercise the powers of the R. F. C. There is no other reason for this bill. Obviously it would not have been introduced except for that purpose. Mr. Wallace recognizes that fact. In his testimony before the committee he recognized that that was the only reason for the introduction of the bill.

Members of the Senate feel that Henry Wallace is not competent to administer the R. F. C. It is not a question of his competency to administer the Department of Commerce and the R. F. C. together. The only possible reason for this bill is that many Senators have no confidence in Henry Wallace, because they do not believe in his philosophy, and that by taking this power away from him they can in some way limit him. I believe

that is a vain effort, because under the First War Powers Act we have given the President power to transfer and consolidate departments. Tomorrow, the moment Mr. Wallace became Secretary of Commerce, the President could place in his charge the Foreign Economic Administration, which has the export-import bank, which controls the United States Commercial Company, with a capital of \$1,000,000,000. The day after that he could tell whoever was in charge of the R. F. C. to give the United States Commercial Company another \$5,000,000,000; and a man appointed by the President and confirmed by the Senate could not well refuse to carry out such an order.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BREWSTER. Does not the Senator feel that the educational value of this nomination and all it has precipitated may make it opportune for the Congress to reconsider some of the vast grants and transfers of power which the Senator has always questioned, and which I have always questioned? Perhaps Senators on both sides of the aisle who have given such enormous grants of power because of confidence in a man—which is a poor basis for legislation—may not be disposed to place some further restrictions on the powers both of the President and of other executive officers.

Mr. TAFT. I hope that may be the result; but that is not the result. Apparently the nomination of Mr. Wallace will be confirmed, if the Senate chooses so to vote, for the position of Secretary of Commerce alone, before any such reconsideration can take place. I am quite confident that it would require a fairly long time. The Reconstruction Finance Corporation involves the whole problem of how far Government is to continue in the lending business in the post-war period. That is a very involved and difficult question. I doubt very much whether it will be decided in the next 6 months or the next year. I hope such a study may be undertaken. I hope the present situation will promote the undertaking of such reconsideration. I believe we have reached the point where we could well repeal section 1 of the First War Powers Act, which was taken from the Overman Act of the First World War; but I do not believe that will be done. I have not seen any pressure on the part of the administration to cut down its own powers; and it is very difficult to organize against the administration to reduce its powers.

Mr. BREWSTER. I believe we must distinguish between the administration and the Senate, in view of what is happening here today. It seems quite evident that a considerable majority of the Senate is disposed to take away some of the powers, or at least to prevent their transfer into the hands of the Secretary of Commerce. I think it is fair to point out that it was not possible, in the bill before the Commerce Committee, to go beyond what was done, because of the question of jurisdiction which is involved, and because the Commerce Committee clearly recognized that it had no right to enter the domain of the Committee on

Banking and Currency. But certainly there is afforded an illuminating illustration of what may now be possible in view of changed circumstances.

Mr. TAFT. I can tell the Senator what would happen in the Committee on Banking and Currency, or any other committee, if a bill to limit the powers of the R. F. C., or otherwise reduce bureaucratic power were to be introduced. The chairman of the committee, under pressure from the administration, would postpone hearings from month to month. Finally there would be hearings, and then the committee would not be called together to act. In the end we might accomplish some results; but, as a practical matter, up to this time, at least, Congress has not taken away any powers that I know of. It is a very difficult thing to do practically.

When the price control bill comes up it will be pointed out that the post-war period is just as important as the war period, that it is still an emergency period, and that it will be a difficult matter.

I do not say it should not be done. I only say that, so far as we are concerned now, and in view of the nomination of Mr. Wallace as Secretary of Commerce, what we are attempting to do is wholly vain unless we do what the Senator from Maine has suggested, namely, unless we repeal the War Powers Act, for Mr. Jones himself appeared twice before our committee, and said the R. F. C. does not determine policy. He said, "If the War Department tells us to build a war plant, we build a war plant. If the Navy Department tells us to build a Navy plant, we build a Navy plant. If the Foreign Economic Administration tells us to make a loan in South America, we make the loan; because," he said, "we do not consider ourselves a policy-making organization."

It is true that Mr. Jones may have exercised a little restraint; he may have balked a little, and may have taken some matters to the President; but in the ultimate analysis, under present conditions the head of the RFC is obliged to accept the orders of the various departments which administer policy. So, if Mr. Henry Wallace had assigned to him, as he may have, the Foreign Economic Administration, and if he directed the R. F. C. to make a loan for a pipe line in Arabia, I have no doubt whatever that under the existing Executive orders the head of the R. F. C. would feel obliged to make such a loan.

So far as the real purpose of the bill is concerned, namely, to deprive Mr. Wallace of powers which the Commerce Committee does not think he is qualified to exercise, I say that purpose is not effectuated by the bill. Every argument against the confirmation of the nomination of Mr. Wallace as R. F. C. Administrator applies equally to the question of the nomination and confirmation of Mr. Wallace as Secretary of Commerce.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Maine.

Mr. BREWSTER. Is it not also true that if the country is under the danger

of the malign influence of the views of Mr. Wallace, it would be perfectly possible, regardless of whether he was in authority, for him to carry out those views if the President chose to use him in some such way as he has used Mr. Harry Hopkins, for Mr. Harry Hopkins, in Rome, has been announcing the foreign policy of the administration and the changes which have occurred, although, so far as I know the nomination of Mr. Hopkins in any capacity has not come before the Senate.

Mr. MAYBANK. Mr. President—

Mr. TAFT. Mr. President, if I may correct the Senator, let me say that Mr. Hopkins' name was before us. His name was presented to the Senate as Secretary of Commerce. His nomination was confirmed by a vote of 58 to 27. I think I can even tell the Senate the names of the Senators who voted against the confirmation of his nomination, namely, most of the Republican Senators and also the Senator from Georgia [Mr. GEORGE], the Senator from Rhode Island [Mr. GERRY], the Senator from Alabama [Mr. HILL], the then Senator King of Utah, and the late Senator Van Nuys, of Indiana. They voted against confirmation of the nomination of Mr. Hopkins, at that time.

Mr. BREWSTER. Mr. President, if the Senator will further yield to me, let me say that I was referring to Mr. Hopkins in his present incarnation as sort of a combination of Rasputin and Colonel House and Svengali. So I think it should be made clear that we are not in any way whatever eliminating the evil influence Mr. Wallace has by his defeat for any office, but rather we would contribute to the aspects of martyrdom which undoubtedly will earnestly be urged.

Mr. TAFT. Mr. President, apparently the Senator has a new argument for the confirmation of the nomination of Mr. Wallace as Secretary of Commerce, namely, that although he is not competent to exercise the broad powers of Federal Loan Administrator, he will be a martyr unless we confirm his nomination. It seems to me that argument is wholly illogical. Certainly I never heard urged before the argument that we should confirm the nomination of a man to an office, although he is incompetent, merely because if we do not confirm his nomination he will be a martyr. As a matter of fact, if Mr. Wallace becomes Secretary of Commerce he will sit in all Cabinet meetings at the White House. But the Federal Loan Administrator will not sit in those meetings and Mr. Wallace's views as to what the R. F. C. Administrator will do will certainly be far more important in that position than will be the views of the man who may be made the Administrator under the set-up proposed by the pending bill.

Mr. HILL. Mr. President, will the Senator yield?

Mr. BREWSTER. Mr. President—

Mr. TAFT. I yield first to the Senator from Alabama.

Mr. HILL. Mr. President, the distinguished Senator from Ohio has spoken about Mr. Wallace's incompe-

tence. From what the Senator from Ohio has said, I think it is evident that the question is not whether Mr. Wallace is incompetent. The proposition is that he is too competent; he is too able and too effective for the views which he holds. I realize that Senators may well differ with him respecting his views. But the question is not one of whether he is incompetent. If he were weak, if he were a bungler, if he had not been effective, if he had more or less failed and did not know how to do a job, and if his record did not show that he knew how to do a job, there would not be so much worry and so much distress and so much opposition about his nomination. It is because he is effective that those who do not share his views oppose his being placed in a position in which they know he will be competent and effective from his viewpoint.

Mr. TAFT. Mr. President, let me inquire whether the Senator is going to vote to take away from him the powers of the Federal Loan Administrator.

Mr. HILL. Mr. President, I desire to be perfectly frank with the Senator. I should like to see Mr. Wallace have the loaning powers. I do not favor the passage of the George bill, from the standpoint of taking away from Mr. Wallace the loaning powers. I have been in politics a long time, and I know there are times when it is necessary to make a virtue of political necessity. If I should vote for the George bill, it would only be because I am so anxious to see Mr. Wallace's nomination as Secretary of Commerce confirmed. I would do it because I knew that such a vote would be necessary in order to have Mr. Wallace's nomination as Secretary of Commerce confirmed.

Mr. TAFT. The Senator recognizes that a majority of the Senate is unwilling to trust to Mr. Wallace the powers of the Federal Loan Administrator which have so long been exercised by Mr. Jones.

Mr. HILL. I recognize that a majority of the Senate is unwilling to turn over to Mr. Wallace, effective and competent as I believe him to be, the administration of the lending agencies, holding the views he does.

Mr. TAFT. Mr. President, on the question of the nomination and qualities of Mr. Wallace, I shall be glad to speak when the nomination is before the Senate. Apparently the administration and Mr. Wallace himself are afraid to submit his name to the Senate on the question of nominating him as Federal Loan Administrator. That is the reason for the present proceedings. That is the reason for the refusal to go into executive session. It is the reason for the motion the distinguished senior Senator from Kentucky [Mr. BARKLEY] proposes to make, namely, to postpone for a month or more the question of the consideration of Mr. Wallace's nomination.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I must say that what the Senator from Ohio said about the futility of proposing to amend the

R. F. C. Act because of his anticipation of what the chairman of the committee would do, namely, that he would not hold hearings, compels me to state that it seems to me that it is well to bear in mind that the chairman of a committee is the servant of the committee. I do not think any chairman has the right to "sit" upon any bill which a majority of the committee desires to consider.

Mr. TAFT. Mr. President, if the Senator will permit me to interrupt him, let me say that I did not intend in any way to reflect on the particular Senator who is chairman of the Committee on Banking and Currency.

Mr. SHIPSTEAD. No.

Mr. TAFT. I only wished to point out that the administration is far stronger in its control of the committees, in being able to block legislation, than it is in being able to force legislation of its own through the Senate. That is always a natural situation. Questions and considerations of committee procedure are necessarily far more largely a question of organization.

Mr. SHIPSTEAD. Yes.

Mr. TAFT. My only suggestion was that it is very difficult to put through a bill against the administration, even though possibly when the bill comes to a vote on the floor of the Senate a majority of the Senate is in favor of its passage. It is quite true that that should not be the condition, but it is the condition in every legislative body, and usually the only chance there is to get at a proposition is when the majority party or the majority administration come to the Senate and request something. Then, of course, they must submit their proposition directly. I did not mean to reflect in any way on any particular committee chairman, but I simply refer to the condition of any legislative body.

Mr. SHIPSTEAD. Mr. President, if the Senator will further yield, let me say that I understood that when I referred to the chairmen of all committees. I do not think a chairman has a right to "sit" on a bill or an amendment to a bill which has been referred to a committee, if a majority of the committee desires to consider the proposed piece of legislation. So far as I am concerned, with the pending bill as it now stands I am not satisfied. To a considerable extent it means what the Senator from Ohio has said it means. I understand amendments are to be offered to place the R. F. C. organization under the General Accounting Office. That should have been done a long time ago. As the Senator from Ohio has said, the R. F. C. is not a policy-making organization. The policies are left to too many Toms, Dicks, and Harrys to handle and shovel out the funds. I am not sure that the bill should not be referred to the committee for further study, and to rewrite it so as to safeguard not only the policy-making functions with respect to loans, but also to provide an independent audit by the General Accounting Office. Too many funds are shoveled out for many purposes. I doubt not the legality but the good sense of allowing the War and Navy Departments to call for billions upon billions of dollars and having some

department hand the money out to them. It seems to me to be a very haphazard way of doing business. Perhaps that is the reason there is so much waste in public funds today.

Mr. TAFT. I agree with the Senator from Minnesota. I think we could well cancel perhaps four or five billion dollars of the R. F. C.'s loaning powers, but there would be strenuous opposition if such a proposal were made.

Mr. President, I repeat that the real purpose of the bill obviously is to take away from Henry Wallace the powers to which reference has been made. I am willing to vote for the bill. I was the only Senator who expressed doubt when we passed the bill giving to Mr. Jones the right to exercise both powers. Nevertheless, the functions are very similar. If we were to assign the R. F. C. to any department it would be to the Department of Commerce. I shall vote for the bill only because I believe it to be wise not to repose too many powers in one man; but I think, without question, that the bill shows an entire lack of faith in the ability and philosophy of Mr. Henry Wallace.

Mr. SHIPSTEAD. Mr. President, I do not believe any human being, whether it be Mr. Wallace, Mr. Jones, or anyone else, is qualified to handle all the money which is in the control of the R. F. C. I think the power is altogether too great to entrust to any one individual. I am hopeful that some of the amendments which I understand will be proposed will, to a large extent, remedy the difficulty, but I still believe that the bill should go back to the Commerce Committee for entire revision of the policy which is involved.

Mr. BREWSTER. Mr. President, the problem presented in the Commerce Committee was one of jurisdiction. All the grants of power under the R. F. C. were considered in the Banking and Currency Committee. The only reason the pending bill came to the Commerce Committee was that it proposed to take away powers now exercised by the Secretary of Commerce, over whom our committee has jurisdiction. But any attempt to invade a field which was not then occupied would have been an encroachment upon the jurisdiction of other committees, so I think the Senator from Georgia and the committee were entirely in accord. We could not go beyond the immediate objective of the George bill, which was to divorce the R. F. C. powers from the Department of Commerce.

Mr. SHIPSTEAD. I understand the accuracy of what the Senator has said; but I think it would be perfectly proper to send the bill back to the committee for revision, and to put in additional safeguards in order to protect the funds. To my mind it is unheard of that thirty or forty billion dollars should be handed out merely because someone in authority says "We must have \$5,000,000 for this and \$5,000,000 for that," and Jesse Jones says, "We must hand it out to them because they determine policies and we only give them the money." It seems to me that such a proposition is ridiculous.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

Mr. AIKEN. Mr. President, there is printed and lying on the desk an amendment which I had intended to offer to the pending bill. The amendment would call for a simple audit of the agencies and corporations created by the Reconstruction Finance Corporation. However, the Senator from Virginia [Mr. BYRD] has an amendment which would go considerably further than the one which I had intended to offer, which calls for a simple audit of those agencies at the end of the year by the Comptroller General. The amendment of the Senator from Virginia is in better form and is more satisfactory than the one which I had intended to offer. I hope that the amendment which he is about to offer will be agreed to by the Senate.

Mr. BYRD. Mr. President, on behalf of the Senator from Nebraska [Mr. BUTLER] and myself I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The committee amendment as amended has been agreed to. It will be necessary for the Senator from Virginia first to ask for reconsideration of the vote by which the committee amendment as amended was agreed to.

Mr. BYRD. Mr. President, I ask unanimous consent that the vote by which the committee amendment as amended was agreed to be reconsidered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia? The Chair hears none, and it is so ordered. The committee amendment as amended is before the Senate.

The amendment offered by the Senator from Virginia to the committee amendment will be stated.

The CHIEF CLERK. At the end of the committee amendment it is proposed to insert:

SEC. 5 (a) The financial transactions of wholly owned Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this act.

(b) A report of each such audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of the fiscal year for which such audit is made. The report shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a

statement of income and expense; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show how the Budget program (herein provided) was executed and specifically every program, expenditure, or other financial transaction or undertaking, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President and to the corporation concerned at the time submitted to the Congress.

The PRESIDING OFFICER. The Chair will state the parliamentary situation. The hour of 2 o'clock having arrived, the morning hour has expired. There being no unfinished business before the Senate, the consideration of the bill which was taken up on motion earlier today will be continued.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Georgia?

Mr. BYRD. I yield.

Mr. GEORGE. May I inquire of the Senator whether this amendment has been prepared in consultation with the Comptroller General or his office?

Mr. BYRD. I will say to the Senator that it has been.

Mr. GEORGE. And it can be administered without undue interruption of the corporate functions of the various loan agencies?

Mr. BYRD. The amendment does not cover, I will say to the Senator from Georgia, any question involving the making of loans except to report to Congress any loans illegally made, but does cover the auditing of loans after they are made.

Mr. GEORGE. It simply covers the auditing?

Mr. BYRD. Yes; it does not give the Comptroller General the right to deny the making of loans, but anything that is done that may be of an illegal character, in the opinion of the Comptroller General, will be reported to the Senate.

Mr. GEORGE. The Comptroller General would merely report to the Senate.

Mr. BYRD. Yes.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. MURRAY. I should like to inquire if the auditing will cover the transactions which have taken place during the past several years?

Mr. BYRD. No; the auditing is to start with the beginning of the next fiscal year.

Mr. MURRAY. It would seem to me, inasmuch as the R. F. C. has not been subjected to audit or examination and has not been required to make any report, that the audit ought to cover transactions which have occurred during the past several years.

Mr. BYRD. The R. F. C. has not been audited by the Comptroller General; it has been audited by competent auditors, and the reports, as I understand, are made at certain periods to the Committee on Banking and Currency, but, because of the confidential nature of some of the reports on account of the war, they have not been made public.

Mr. MURRAY. Would the Senator be agreeable to having his amendment amended so as to make it apply to past transactions?

Mr. BYRD. I will say to the Senator that I would have no objection to that, but the R. F. C. was organized in 1930, and it would be a vast undertaking to audit all its transactions since that time.

Mr. MURRAY. I suggest that the audit should not go back further than to cover the period of the war effort so as to include the loans and transactions during the past several years. I know of some loans which have been made in connection with which the facts would seem to indicate that there was a reason why there should be an investigation and an audit.

Mr. BYRD. So far as I am concerned, I would have no objection to it if the experts are available. I think the R. F. C. should have been audited from the very beginning.

Mr. MURRAY. I suggest that the date of the audit be fixed as of the commencement of the Seventy-eighth Congress.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Vermont.

Mr. AIKEN. Would the Senator have any objection to making the provisions of the amendment applicable to the present fiscal year rather than waiting until the next fiscal year?

Mr. BYRD. I think that is an excellent suggestion, and, after I make my statement, if the Senator will prepare the amendment he has in mind, I shall be very glad, so far as I am concerned, to accept it.

Mr. AIKEN. In connection with the matter brought up by the Senator from Montana [Mr. MURRAY] it seems to me that the Comptroller General would necessarily have to go somewhat into the past in order adequately to carry out the provisions of the amendment for the present, would he not?

Mr. BYRD. That is correct. Many of the loans were made of course some time ago and are still outstanding.

Mr. MURRAY. Mr. President, I should like to ask the Senator if he has a copy of his proposed amendment?

Mr. BYRD. Yes; I hand the Senator a copy.

Mr. President, in explanation of this amendment I should like to state that there are 56 Government corporations, and that 20 of them are audited by the Comptroller General and 36 are not required to be audited by law or have not submitted to audit by the Comptroller General.

I should like first to read to the Senate a list of the Government corpora-

tions which are now audited: The Commodity Credit Corporation is audited; the Export-Import Bank is audited; the Federal Crop Insurance Corporation is audited; the Federal Farm Mortgage Corporation is audited; the Federal Prison Industries, Inc., is audited; the Federal Public Housing Authority is audited; the Federal Savings & Loan Insurance Co. is audited; the Federal Surplus Commodity Corporation is audited; the Home Owners' Loan Corporation, the Institute of Inter-American Affairs, the Institute of Inter-American Transportation; the Inter-American Educational Foundation, Inc., the Inter-American Navigation Corporation, Prencinradio, Inc., the Smaller War Plants Corporation, the Smithsonian Institution, the Tennessee Valley Authority, the United States Housing Corporation, the Virgin Islands Company, and the Welfare and Recreational Association of Public Buildings and Grounds, Inc., are all audited. The corporations mentioned constitute the 20 which are now audited.

It is proposed by this amendment to require that the other 36 corporations, the names of which I am about to read shall be audited in the same way that every other agency of the Government is now required to be audited by general law. The 36 corporations include American President Lines, Ltd., Banks for Cooperatives, Cargoes, Inc., Colonial Mica, Copper Recovery Corporation, Defense Homes Corporation, Defense Plant Corporation, Defense Supplies Corporation, Disaster Loan Corporation, Electric Home and Farm Authority, Federal Deposit Insurance Corporation, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Inland Waterways Corporation, Metals Reserve Company, Panama Railroad Co., Petroleum Reserves Corporation, Production Credit Corporations, Puerto Rico Cement Corporation, Reconstruction Finance Corporation, RFC Mortgage Company, Regional Agricultural Credit Corporation, Rubber Development Corporation, Rubber Reserve Company, Steel Recovery Corporation, Tennessee Valley Associated Cooperatives, Inc.

The Tennessee Valley Authority, apparently, is audited, but the Tennessee Valley Associated Cooperatives, Inc., is not.

Mr. HILL. Mr. President, will the Senator yield there?

Mr. BYRD. I yield.

Mr. HILL. As I understand the Senator's amendment does not cover the Tennessee Valley Authority, which is different from the Tennessee Valley Associated Cooperatives. Is that correct?

Mr. BYRD. The Senator is correct. The Tennessee Valley Authority is already audited.

Mr. HILL. It is already audited under an act of Congress, as the Senator recalls. I was wondering, as the Senator's amendment is now drafted, whether there would be any danger of its language being construed to cover the Ten-

nessee Valley Authority. Has the Senator given any thought to that?

Mr. BYRD. I cannot conceive that there would be, for it is already audited.

Mr. HILL. Yes; it is already audited under a special act of Congress. The Comptroller General, the Tennessee Valley Authority, and the Congress really entered into an agreement for the auditing and how the audit should be made. I notice the Senator's amendment prescribes certain details perhaps with reference to the audit of the R. F. C. and its subsidiaries. I may say that I am in favor of the Senator's amendment, but, not knowing its effect, I should not want to do anything to repeal, modify, or change the special T. V. A. Act.

Mr. BYRD. I will say to the Senator that I understand the Comptroller General thinks that the audit of the T. V. A. is now satisfactory, and this amendment will leave it to his discretion as to what kind of an audit shall be made. It does require, however, that every corporation be audited in accordance with the terms of the amendment.

Mr. HILL. But it is the Senator's opinion that the T. V. A. would not fall under the provisions of the amendment.

Mr. BYRD. That is my opinion, unless the Comptroller General desired to utilize this amendment instead of the present law.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TOBEY. Is the Senator from Virginia aware of the fact that the management and control of the Board of Economic Warfare, as it existed prior to the changes instituted 2 years ago, audited their own accounts and were in full control of their finances without any outside agency, such as the General Accounting Office, having anything to do with it at all?

Mr. BYRD. I think the Senator is correct about that. In addition to those corporations I have already mentioned as not being audited, the Textile Foundation, Inc., is not audited, the United States Commercial Co., which is one of the corporations the Senator has just referred to, is not audited. Others are the United States Spruce Production Corporation, the War Damage Corporation, the War Emergency Pipelines, Inc., the War Hemp Industries, Inc., War Materials, Inc., and the Warrior River Terminal Company. That is a list, Mr. President, of 36 agencies of the Government which have the power to make loans. The total authority of the various corporations, of which 20 are now audited and 36 are not, is \$33,207,000,000, as of March 31, 1944. Some of the authorizations have been increased since that time.

Mr. AIKEN. Mr. President, let me add that the sum mentioned no where near represents the amount of money which these corporations handle in their purchase and resale, particularly at this time, of essential materials of war.

Mr. BYRD. The Senator is entirely correct about that, because this is a revolving fund. The great danger and menace of these corporations is that Congress authorizes certain corporations

to borrow certain amounts. The funds have been used as revolving funds to be expended for other purposes.

Let us take, for example, the R. F. C. The R. F. C. up to this date has actually loaned \$45,000,000,000, from an original authority of about fifteen to sixteen billion. In other words, it has pyramided three times by reason of the fact that the payments which come back to the Reconstruction Finance Corporation are then loaned time and time again as often as they come back.

Mr. AIKEN. Let me add again that these corporations have done an enormous business in buying and selling strategic materials at one price and reselling to the Army, Navy, and Maritime Commission at a marked-up price, so that they have financed themselves by many hundred million dollars of additional sums, the aggregate of which nobody knows. I think the Senator will find that in the case of rubber alone the rubber which is sold by the Rubber Reserve Corporation—which controls all the rubber anyway—to the Army, Navy, and Maritime Commission is marked up 17½ cents a pound above the price at which it is sold for civilian consumption. There have been witnesses before the Committee on Agriculture and Forestry who have testified that there is also a mark-up in the price of alcohol, and, for aught we know, there may be a mark-up in the price of steel and aluminum and everything else bought by these corporations and resold to the Army and Navy. Therefore, in effect, if they do not get the money they want from Congress, they are enabled to finance themselves from the appropriations to the Army, Navy, and Maritime Commission, and no one in the Congress feels like objecting to the amounts which those agencies request. We have no control over that situation whereby subsidiaries of the R. F. C. buy at one price and can sell to the War Department at three times that price if they see fit to do so.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. MURDOCK in the chair). Does the Senator from Virginia yield to the Senator from Maryland?

Mr. BYRD. I yield.

Mr. TYDINGS. I think the situation referred to by the Senator from Vermont is much more fortunate than one whereby the R. F. C. would make loans on such a plan that the Government would lose money rather than make money on the transaction. After all, this fund is not only to promote the war effort, but to aid business, and there is no reason why the Government should not make the loans on substantially the same lines as those on which private banks would make them. I know the Senator does not mean any criticism by what he has said, but I should much prefer to have profits shown as a result of the operations than to have a deficit shown because the loans were insecurely financed or poorly managed.

Mr. AIKEN. I think it would be perfectly possible to show innumerable cases in which the Reconstruction Finance Corporation made unfortunate loans to private industry, and then the War De-

partment or the Maritime Commission or the Navy Department bought the plants on which the bad loans were made, at prices in excess of the value. So the Defense Plants Corporation, which made the loan in the first place, is always in the black by reason of throwing loans over onto some other agency.

Mr. TYDINGS. That may be true, but, taking the over-all picture, it is a good one. I have also read recently of many concerns going to banks to obtain capital in order to enlarge so that they could fulfill Government orders and requests, and the banks would not agree to make the loans. The Reconstruction Finance Corporation would then make the loans and resell them at a profit to the very banks which refused the original loans. So that the very magic of Mr. Jones' name and his prestige in the business world has given loans a standing without which they would not have had any chance of being financed, if the Government had not first entered the field. Therefore, my interjection into this colloquy is only to compliment over-all good management of the concern, without endorsing each loan, because it has been conducted in such a way that the taxpayers, who put up the original sum, have not had the sums they advanced depleted. That is a splendid picture, as against one showing that, whereas \$17,000,000,000 might have been the initial fund, only \$12,000,000,000 remained, and the other \$5,000,000,000 had gone down the rat hole. So, while there may be a profit, if we are going into the business of financing private industry, we should never do it at a loss, unless in some extreme case of national defense, where there is no other alternative, and the necessities warrant it.

Mr. BYRD. I thank the Senator. One other policy has been adopted with the corporations which, in my judgment, is unfortunate; that is, that the Commodity Credit Corporation, for example, is paying subsidies out of a fund that is supposed to have been granted to the Corporation for the purpose of lending. Of course, it is nonrecoverable. The R. F. C. has likewise paid very considerable amounts for subsidies which cannot be recovered.

My judgment is that these corporations should be confined strictly to their lending authorities, and not be permitted to make what is equivalent to an appropriation, to be made out of funds provided to these corporations for loans. The loans should be made on a businesslike basis, and should be recoverable.

In connection with what the Senator from Maryland has said, I should like to point out that the R. F. C. has only about one-half the lending capacity of these various corporations. When we speak of the corporations, our thoughts go to the R. F. C., which is the most gigantic banking organization the world has ever known, with facilities to borrow \$17,000,000,000, and then to reloan the funds as they are paid back, making them into a revolving fund.

As a matter of fact, the other corporations have in the aggregate about the same lending capacity as the R. F. C.; in fact, they have a little more. The Commodity Credit Corporation, for example,

has a \$3,000,000,000 lending capacity, but I see a billion and a half more has been recommended, making it four and a half billion dollars. That in itself is one-third as large as the Reconstruction Finance Corporation fund.

Mr. President, of course my amendment in no way completes the obligation the Senate and the Congress have to restore to Congress the control over these vast appropriations. A proposal will shortly be presented by the Senator from Nebraska and myself in an attempt to go further and restore to the Congress the authority to control these corporations in an effective way so as not to interfere too much with their operations. That is very difficult legislation to prepare, but the pending amendment will secure for Congress information with respect to what these corporations are doing, which is not now fully available, and is very difficult to obtain.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. BREWSTER. I wish to ask to make an interpolation dealing with the situation raised by the Senator from Maryland [Mr. TYDINGS] and the Senator from Vermont [Mr. AIKEN] in connection with the discussion of this very matter. As the Senator from Virginia knows, I am in most cordial sympathy with his proposals, which provide for long-delayed auditing and accounting.

There was in the course of a public discussion on the radio a challenge regarding the so-called Dawes loan of \$90,000,000 from the Reconstruction Finance Corporation, and the suggestion was made by one of the Members of this body that there was something irregular in connection therewith. In justice to Mr. Jesse Jones, who was the Administrator then, I secured from him a statement of facts, which I ask unanimous consent to have inserted in the RECORD at this point, indicating that that loan, which was made not only for the benefit of the bank, but for the benefit of 100,000 depositors, was completely paid back, and there was also a profit of some five or six million dollars.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, D. C., January 30, 1945.

Hon. OWEN BREWSTER,

United States Senate, Washington, D. C.

DEAR SENATOR: In reply to your request for information as to the status of the \$90,000,000 loan to the Central Republic Bank & Trust Co. of Chicago, which was made June 1932, beg to advise that cash collections have been \$98,600,000, with remaining collateral to the approximate value of \$5,000,000, a total recovery of \$103,600,000.

The expense incident to the preservation of the collateral and the administration of the loan has been approximately \$3,500,000. This is equivalent to collection of the principal of the loan, plus expenses, and approximately \$10,000,000 interest.

Sincerely,

JESSE H. JONES.

Mr. BYRD. Mr. President, I hope it will be the pleasure of the Senate to adopt this amendment providing a long-delayed audit of the transactions of these various Corporations. The amendment

has been worked out in cooperation with the Comptroller General. I emphasize again that it does not give to the Comptroller General the power to reject or to disapprove of the loans made by the Corporations. I do not think that would be practicable. It requires an audit of the loans after they are made, of the expenses of the various Corporations, and of the losses which occur, as well as any profits.

Mr. President, the Senator from Montana [Mr. MURRAY] has suggested that the auditing begin as of July 1, 1941. I personally have no objection to that suggestion, though I do not know whether it would necessitate a large amount of work when probably the accountants are not now available.

Mr. GEORGE. Mr. President, I hope the Senate will not accept the amendment, because I can foresee the trouble the bill will run into in the House if the amendment is adopted. If anyone wants to examine the R. F. C. back to the date of its origin, that is all right; but let it be done as an examination, and not as an audit made at this late date. The adoption of such an amendment as this will certainly invite opposition. I had hoped for the adoption of the simple proposal of an audit beginning with the current year. I think that is quite proper. That would not result in the raising of any question as to jurisdiction by any committee which has jurisdiction with respect to the creation of these various organizations or which has reported measures creating them. It seems to me it would be ample to begin the audit with the current year.

Mr. BYRD. I will say to the Senator from Montana that the clerk of the committee has just informed me that the Accounting Office has stated they would not have the accountants necessary to make the audit going back beyond the current year.

Mr. MURRAY. Mr. President, I will say, if the Senator will permit me, that I am proposing a further amendment to the second paragraph of the amendment with reference to the reports of the audits, which would provide that the audit covering transactions prior to July 1, 1945, shall be made at the earliest practicable date, so that we would not place any burden on the General Accounting Office which it could not perform.

Mr. BYRD. Does the Senator mean the reports covering the present audit?

Mr. MURRAY. No; the audit that will go back to the year 1941-42.

Mr. BYRD. While I have no objection whatever to going back to 1941, I agree with the Senator from Georgia that that would place such vast work upon the General Accounting Office that they could not keep up the current audits. It applies to all the corporations. The Senator's proposal would require the General Accounting Office to make reports, of course, on the corporations which are already audited, and there are 20 of them, and as the Senator no doubt knows there is a great scarcity of expert accountants who are capable of making such audits.

Mr. MURRAY. It would be within the power of the General Accounting Of-

fice to determine when and how they would make the audit, but they would not be required to finish it, or to report the audit until they had the personnel with which to do so.

Mr. BYRD. The Senator's amendment reads:

The audit shall cover all financial transactions occurring after July 1, 1941.

That would be a mandate, in my judgment for the Comptroller General to start back in 1941.

Mr. MURRAY. Yes.

Mr. BYRD. He would have to start back 3½ years ago, which would prevent us from getting the current audits. I think it was a great mistake that Congress made no provision to require these audits sooner, but if we go back too far then the current audits will be delayed.

I should like to perfect my amendment along the line suggested by the Senator from Georgia, that the audit start at the first of the current fiscal year. The amendment offered by me provides that it start at the first of the next fiscal year. The suggestion of the Senator from Georgia, if agreed to, would make the audit start on July 1, 1944. I wonder whether that would satisfy the Senator from Montana.

Mr. MURRAY. No; it seems to me that it is important that an audit and an investigation of all the transactions should be made, and that the public should know what has transpired during the years I have indicated. It seems to me the bill would be imperfect if it did not cover that period.

Mr. BYRD. I think it ought to be done, but does not the Senator agree with me that if, at this particular time, we undertake to audit all the transactions 3 or 4 years back we will not keep up the current audits which we are very anxious to do?

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. AIKEN. I am in full sympathy with the objective of the Senator from Montana, but I am wondering if an audit beginning July 1, 1944, for the current year, would not give a pretty plain indication of what had been going on in the previous 3 years. Congress would know pretty well from the audit of the current year, it seems to me, whether it would be advisable to go back any further. Personally I would favor the amendment proposed by the Senator from Montana, but I would not want to jeopardize what the Senator from Virginia proposes to do by insisting upon that amendment.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TYDINGS. Would it not serve the purpose of the Senator from Virginia and the Senator from Montana both if the audit were to be made permissive up to July 1, 1944, and to be made mandatory from July 1, 1944, on? Then, if the accountants were available, the Accounting Office could go back and make the audit over the previous years. If the accountants are not available, they could at least keep the audit current from now on. The Senator from Montana could

have his amendment so worded that the Accounting Office would do the work if they could find the personnel to do it. In that case the purpose of both Senators would be served and no harm would be done respecting the current audit.

Mr. MURRAY. I will say that I have no desire to place any impossible burden on the General Accounting Office, but it occurred to me that it was very important that an audit of this character should be made, even though it requires a considerable amount of work to go back over past transactions.

Mr. BYRD. Would the Senator from Montana be willing to accept the suggestion made by the Senator from Maryland that the audit be made permissive before July 1, 1944, and mandatory after July 1, 1944? That is a year sooner, I will say to the Senator, than I had proposed.

Mr. MURRAY. I will accept that.

Mr. BYRD. I should like to have the attention of the Senator from Georgia. Does the Senator from Georgia think the suggestion made by the Senator from Maryland is a good one, to make the audits permissive prior to July 1, 1944, and mandatory thereafter?

Mr. GEORGE. I think we are likely to have the whole thing thrown out in the House if that proposal is adopted, because it would look like an investigation. I think the House committees will insist on saying in each instance whether the audit should be made going back that length of time, and I think we will become involved in a squabble about it, and the result will be, I am afraid, that the proposal will be thrown out. I have no objection to the audit being made at any time over the whole period of the life of the corporation, but this does not seem to me to be a very appropriate time to provide for it. I had hoped that a simple audit, starting with the current year, would be provided for; that would not create any friction in the House, and I believe the House would accept such a provision.

Mr. MURRAY. If it is merely permissive it seems to me that it should not precipitate any trouble in the House. The General Accounting Office will determine whether or not it has the personnel to engage in the examination or audit of the accounts as far back as 1941, and if it does not have the personnel it is not required to make the audit.

Mr. BYRD. Mr. President, I propose to perfect the amendment offered by me. In the last sentence of subsection (a), after the words "begin with the", I propose to strike out "first" and insert "current"; and after the words "fiscal year", to strike out "commencing after the enactment of this act." I understand, Mr. President, that I have a right to perfect the amendment.

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

Mr. BYRD. It would mean, then, that the audit would begin with the current fiscal year.

The PRESIDING OFFICER. The modification of the amendment will be stated.

The CHIEF CLERK. In the last sentence of subsection (a) in the Byrd amendment, after the words "begin with the", it is proposed to strike out "first" and insert "current"; and after the words "fiscal year" to strike out "commencing after the enactment of this act", so as to make the sentence read "The audit shall begin with the current fiscal year."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Virginia [Mr. BYRD] and the Senator from Nebraska [Mr. BUTLER] to the committee amendment.

Mr. TAFT. Mr. President, I think it is important that all Government lending corporations be audited, but I wish to point out that only a very small fraction of the job is done when we require an audit. An audit in no way limits the powers of the corporations. I doubt very much if the corporations have exceeded their legal powers. It is desirable to see that there shall be no dishonesty. It is desirable to see that the R. F. C., for instance, does not go beyond its powers; but its powers are so broad that that is hardly possible under the present circumstances. It seems to me that the mere passage of this bill ought not to excuse us from going ahead and attempting to delimit the Corporation.

Furthermore, it seems to me that the bill should contain the further provision that every Government corporation should be required, as Government departments are required, to submit at the beginning of the year a budget of what it expects to spend and for what it expects to spend the money. Possibly Government corporations cannot be held down to as close restrictions as apply to Government departments, but something ought to be done to see that the program is submitted to Congress and approved in advance.

Mr. BYRD. Mr. President, the Senator from Nebraska and I have prepared such legislation, to be introduced today, but we are not offering it as an amendment to this bill, because it is very complex in character. We want to have it thoroughly discussed and referred to the appropriate committees.

Mr. TAFT. I am delighted to hear the Senator's statement.

Mr. BYRD. The Senator will find the situation fully protected.

Mr. TAFT. There is one further question of policy. In my opinion, no Government corporation should be formed under any State law, and no such corporation which is formed hereafter should proceed without a charter approved by Congress, in which the powers of the corporation are fixed by Congress, and not by a charter filed in Delaware, New Jersey, or some other State, where charter powers are very liberally granted.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LANGER. Does not the distinguished Senator feel that this amendment is a step in the right direction?

Mr. TAFT. Yes; but it is only the least important of the steps in that direction.

I think the other steps are more important than this. I am in favor of this provision.

Mr. LANGER. It should have been done a long time ago.

Mr. TAFT. It should have been done a long time ago.

Mr. SHIPSTEAD. Mr. President, I am not satisfied with this bill, but in view of the statement of the Senator from Virginia that the proposed changes are so complicated that it is difficult to legislate on the floor of the Senate, I gladly accept his explanation.

The formation of corporations in Delaware by the Federal Government to handle public business has evidently been done for the purpose of getting away from the authority of the Congress. I understand that fifteen or twenty corporations have been incorporated under the laws of Delaware. For years that State has been looked upon as furnishing a corporation privileges, rights, and power to do anything it might wish to do. It seems to me very reprehensible for the Federal Government to incorporate a business under such legislation as is permitted in Delaware and thus enable it to get away from the authority of the Congress.

I look with a great deal of anticipation to the future. I hope the Senator from Virginia will bring in some amendments, with the sanction of the appropriate committees, to see that these funds are better protected. I do not mean to cast any reflection upon the administration of Jesse Jones. It has been said here that he has admitted that he has nothing to do with the policy. Whenever a request is made for several billion dollars, he deems it his duty to furnish the money. That is a peculiar way to transact business. I doubt if it could be excused even during war. There should be some policy by which demands upon all these funds could be approved or disapproved. I hesitate to vote for this bill; but under the circumstances I shall do so, although I think possibly the most important thing is yet to be done.

Mr. BYRD. I agree with the Senator. The Senator understands that the pending amendment relates only to auditing, does he not?

Mr. SHIPSTEAD. I understand that.

Mr. BYRD. The legislation which he desires is being prepared and will be introduced within the next week. It is very difficult legislation.

Mr. SHIPSTEAD. I shall look forward to such legislation with a great deal of pleasure and hope.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. McKELLAR. Does the Senator's amendment require all corporations of the Government to be audited?

Mr. BYRD. Yes; just as other agencies of the Government are audited.

Mr. McKELLAR. Is every agency included in the Senator's amendment?

Mr. BYRD. Yes.

Mr. McKELLAR. I shall vote for it with a great deal of pleasure.

The VICE PRESIDENT. The question is on agreeing to the modified

amendment offered by the Senator from Virginia [Mr. BYRD] and the Senator from Nebraska [Mr. BUTLER] to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. RUSSELL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Guffey	O'Daniel
Austin	Gurney	O'Mahoney
Bailey	Hawkes	Overton
Bankhead	Hayden	Pepper
Barkley	Hickenlooper	Radcliffe
Bilbo	Hill	Reed
Brewster	Hoey	Revercomb
Bridges	Johnson, Calif.	Robertson
Briggs	Johnson, Colo.	Russell
Brooks	Johnson, S. C.	Saltonstall
Buck	Kilgore	Shipstead
Burton	La Follette	Smith
Bushfield	Langer	Stewart
Butler	Lucas	Taft
Byrd	McCarran	Taylor
Capehart	McClellan	Thomas, Idaho
Capper	McFarland	Thomas, Okla.
Chavez	McKellar	Thomas, Utah
Connally	McMahon	Tobey
Cordon	Magnuson	Tunnell
Donnell	Maybank	Tydings
Downey	Mead	Vandenberg
Eastland	Millikin	Walsh
Ellender	Mitchell	Wherry
Ferguson	Moore	White
Fulbright	Morse	Wiley
George	Murdock	Willis
Gerry	Murray	Wilson
Green	Myers	

The VICE PRESIDENT. Eighty-six Senators having answered to their names, a quorum is present.

The bill having been read the third time, the question is, Shall it pass?

Mr. GEORGE. Mr. President, on this question I ask for the yeas and nays.

The VICE PRESIDENT. The yeas and nays have been requested—

Mr. BYRD. Mr. President, will the Senator from Georgia yield for a moment? I failed to offer a perfecting amendment providing for expenses. I ask unanimous consent that it may be offered and read at this time.

Mr. GEORGE. That is agreeable, Mr. President.

The VICE PRESIDENT. Without objection, the amendment will be received, and will be read by the clerk.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

(c) The expenses of auditing the financial transactions of all Government corporations as provided in section — of this Act shall be paid out of appropriations to the General Accounting Office, and appropriations in such sums as may be necessary are hereby authorized for the purpose.

Mr. BARKLEY. Mr. President, let me ask either the Senator from Virginia or the Senator from Georgia whether the

amendment, as perfected, would require the General Accounting Office to audit in advance of a loan?

Mr. BYRD. The Senator from Kentucky was absent at the time when that point was explained. The amendment does not provide any authority to require a pre-audit in advance of a loan.

Mr. BARKLEY. I wished to make sure of that point.

Mr. BYRD. Yes; Mr. President; as I have said, the amendment does not give authority to the Comptroller General to disallow a loan in advance.

Mr. RUSSELL. Mr. President, I should like to ask a question of the Senator from Virginia. I was unable to be on the floor at the time when his amendment was under discussion. There are several agencies of Government which lend money which now are paying for their own audits. They are required to pay the General Accounting Office an amount of money sufficient to defray the cost of making the audit. I hope the amendment offered by the Senator from Virginia would not have the effect of repealing those provisions of law.

Mr. BYRD. The amendment provides that the Comptroller General may utilize existing organizations.

Mr. RUSSELL. I understand that. The General Accounting Office, however, audits the Farm Credit Administration, but no appropriation is made for the General Accounting Office in that connection, the theory being that the Farm Credit Administration is a business administration or organization and should be audited anyway, and it is required to pay for its own audit.

It occurs to me that some of these other organizations should be required to pay for their own audits. If they are set up as business organizations they should pay the expenses of their audits. I know of no reason why special appropriations should be made to pay for the expense of making the audit by the General Accounting Office.

Mr. BYRD. Let me say that not all the audits are paid for by the corporations concerned. Some of them now are paid for by the General Accounting Office.

I have no objection to having the Senator modify the amendment so as to have it provide that those already paying for their own audits shall continue to do so.

Mr. RUSSELL. It occurs to me that we should have one policy regarding the matter.

Mr. BYRD. I think so, too. We have not heretofore required an audit of all of the 56 corporations, and we must make some provision to finance the cost of these new audits. If the Senator thinks the corporation should pay for its own audit, I have no objection to having that done, so long as the audit is made.

Mr. RUSSELL. Please understand that I am heartily in favor of the Senator's amendment. I was one of a handful of Senators who voted in favor of providing for an audit when the matter was previously before the Senate; but it seems to me that if these institutions are supposed to be operating along business lines, the corporation or concern

itself should pay for the audit, rather than to have it necessary for the Congress to make a special appropriation of funds from the Treasury for that purpose.

Mr. BYRD. Let me say that it seems to me that some of the 56 corporations are not operated along business lines.

Mr. RUSSELL. Perhaps I should say that in theory they are operated along business lines.

Mr. BYRD. I would not like to see the amendment rejected because of that point. The amendment was suggested on the part of the General Accounting Office.

Mr. RUSSELL. I should not object in respect to the 56 corporations. But if the amendment had the effect of repealing other laws which now provide that Government corporations shall pay for their own audits, that would be a different question.

It seems to me there should be one fixed policy in respect to all these corporations, regardless of whether they are in the Reconstruction Finance Corporation or in the Farm Credit Administration.

Mr. BARKLEY. Mr. President, if the Senator will yield to me, let me say that it is my understanding, and I think it is a fact, that the Reconstruction Finance Corporation and all its subsidiaries and affiliates already are subject to an audit of their own, and already have the funds with which to conduct such audit.

The amendment would merely provide for an authorization so that the Committee on Appropriations could work out that matter, as I imagine, in determining whether additional funds should be appropriated for that purpose, or whether sufficient funds are now available.

Mr. RUSSELL. I realize that, but as I understand the amendment—let me say that I was not able to hear it very well when it was read—it provides that the expenses shall be defrayed by appropriations to the General Accounting Office and such necessary appropriations are authorized.

If the R. F. C. is now paying for its own audit, I think it should continue to do so, even though an appropriation for that purpose is authorized to be made to the General Accounting Office.

Mr. BARKLEY. I am in general agreement with the Senator's understanding, but I do not know that on the floor of the Senate we can work out the details of an arrangement to make such funds available to the R. F. C. and its affiliates in making their own audits. Certainly there should not be any duplication of appropriations.

Mr. RUSSELL. That is true. But certainly we are dealing with a considerable sum of money in this connection, because when we changed the law so as to provide that the Farm Credit Administration should pay for its own audit, that had the effect of reducing the appropriations for that agency by some two and one-half million dollars annually, which was the cost of making the audit of the Farm Credit Administration alone.

Other Government corporations operate on a much vaster scale than does the Farm Credit Administration, and the cost of making audits of them undoubtedly will run into millions of dollars a year. If they are now paying the expenses of having audits made by private auditors, it certainly occurs to me that the General Treasury, which does not receive a great deal of consideration in these times, should not be charged with the expense of having the audits made, and the obligation should not be transferred from the corporation upon which it now rests over to the General Treasury, with the resultant necessity of making an appropriation for that purpose.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. RUSSELL. I yield.

Mr. VANDENBERG. I suggest to both Senators that the language will cover the purpose of the able junior Senator from Georgia [Mr. RUSSELL] if it is changed to read as follows:

The expenses of auditing the financial transactions of all Government corporations as provided by section — of this act, shall be paid out of appropriations to the General Accounting Office, unless previously otherwise provided, and appropriations of such sums as may be necessary are hereby authorized for that purpose.

Mr. RUSSELL. That would take care of those that are now paying for their own audits, but it still would not provide any over-all policy which would apply equally to all the corporations which have been organized by the Congress.

Mr. BYRD. The language is merely an authorization. Could not the policy be worked out in an appropriation bill?

Mr. RUSSELL. I think it could if the amendment did not make it mandatory for the General Accounting Office to have appropriations for this purpose.

Mr. BYRD. An amendment was heretofore agreed to making it mandatory to have audits made. It would seem that we could finance them in some way.

Mr. RUSSELL. I am entirely in accord with the attitude which the Senator has taken. I was one of a corporal's guard which supported him with regard to a similar amendment 2 or 3 years ago.

Mr. BYRD. Perhaps it would be satisfactory to change the word "shall" to "may."

Mr. RUSSELL. That would be satisfactory if a provision could be framed which would give some authority to pay the costs.

Mr. McKELLAR. By changing the word "shall" to "may" the Appropriations Committee would have charge of the matter and they would see to it that no duplication took place.

Mr. RUSSELL. Mr. President, I move to amend the amendment of the Senator from Virginia in paragraph (c), after the word "act", by striking out the word "shall" and inserting the word "may"; and by changing the period at the end of the amendment to a colon and adding the words: "Provided, That by agreement between the General Accounting Office and said corporation the expenses of said audit may be paid from funds of such corporation."

Mr. BYRD. I accept the amendment of the Senator from Georgia as a modification of my amendment.

Mr. LANGER. Would the modification suggested by the Senator from Georgia mean that the agency must agree to an audit?

Mr. RUSSELL. Yes; it would mean that.

Mr. BYRD. The amendment heretofore agreed to would make it mandatory.

Mr. RUSSELL. I think it could be worked out in the Appropriations Committee.

Mr. BYRD. Is there any question in the Senator's mind that the money would be made available?

Mr. RUSSELL. Not at all. In other words, there is no question that the audit would still have to be made.

The VICE PRESIDENT. The question is on agreeing to the modified amendment the Senator from Virginia has offered as paragraph (c), unanimous consent having been granted that the amendment might be offered at this stage in the consideration of the bill.

The amendment, as modified, was agreed to.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. GEORGE. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. I understand that, if he were present and voting, he would vote as I am about to vote. I am therefore at liberty to vote. I vote "yea."

Mr. McCARRAN (when Mr. SCRUGHAM's name was called). My colleague the junior Senator from Nevada [Mr. SCRUGHAM] is absent because of illness. If present he would vote "yea."

The roll call was concluded.

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] is absent from the Senate because of illness.

The Senator from Kentucky [Mr. CHANDLER] is absent because of illness in his family.

The Senator from New Mexico [Mr. HATCH] is detained on official business.

The Senator from Florida [Mr. ANDREWS], the Senator from North Dakota [Mr. MOSES], the Senator from Nevada [Mr. SCRUGHAM], the Senator from New York [Mr. WAGNER], and the Senator from Montana [Mr. WHEELER] are necessarily absent.

I am advised that if present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from Kentucky [Mr. CHANDLER], the Senator from Virginia [Mr. GLASS], the Senator from New Mexico [Mr. HATCH], the Senator from North Dakota [Mr. MOSES], and the Senator from Nevada [Mr. SCRUGHAM] would vote "yea."

Mr. WHERRY. The Senator from Minnesota [Mr. BALL] is absent because of illness. If present, he would vote "nay."

The result was announced—yeas 74, nays 12, as follows:

YEAS—74

Aiken	George	O'Mahoney
Austin	Gerry	Overton
Balley	Green	Radcliffe
Bankhead	Gurney	Reed
Barkley	Hawkes	Revercomb
Bilbo	Hayden	Robertson
Brewster	Hickenlooper	Russell
Bridges	Hoey	Saltonstall
Briggs	Johnson, Calif.	Shipstead
Brooks	Johnson, Colo.	Smith
Buck	Johnston, S. C.	Stewart
Burton	Kilgore	Taft
Bushfield	La Follette	Thomas, Idaho
Butler	Lucas	Thomas, Okla.
Byrd	McCarran	Thomas, Utah
Capehart	McClellan	Tobey
Capper	McFarland	Tydings
Connally	McKellar	Vandenberg
Cordon	Maybank	Walsh
Donnell	Millikin	Wherry
Downey	Moore	White
Eastland	Morse	Wiley
Ellender	Murray	Willis
Ferguson	Myers	Wilson
Fulbright	O'Daniel	

NAYS—12

Chavez	McMahon	Murdock
Guffey	Magnuson	Pepper
Hill	Mead	Taylor
Langer	Mitchell	Tunnell

NOT VOTING—9

Andrews	Glass	Scrugham
Ball	Hatch	Wagner
Chandler	Moses	Wheeler

So the bill S. 375 was passed.

ORDER OF BUSINESS

Mr. WALSH. Mr. President, may I inquire of the Senator from Kentucky when he intends to have a call of the calendar. There are two naval bills which will take a very brief time and which the Navy Department is anxious to have considered.

Mr. BARKLEY. It may be possible to call the calendar this afternoon provided the procedure which I am about to suggest does not take too much time; but I think we ought to clean up this situation before we proceed to the consideration of other business.

Mr. WALSH. Very well.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

Capt. Victor Bradley Vare, Jr., Army of the United States, to be first lieutenant, Medical Corps, in the Regular Army, with rank from August 26, 1944;

Sundry officers for promotion in the Regular Army, under the provisions of law;

Sundry officers for appointment, by transfer, in the Regular Army;

Sundry officers for temporary appointment in the Army of the United States, under the provisions of law;

Angus J. Gallagher, of Ohio, for appointment as administrative officer in the Selective Service System under the provisions of section 10 (a) (3) of the Selective Training and Service Act of 1940, as amended; and

Blynn T. Shafer, of Ohio, for appointment as assistant chief, Research and Statistics

3. NOMINATION. It is understood that the Senate Agriculture and Forestry Committee plans to hold public hearings, beginning Tues., on the nomination of Aubrey Williams to be Rural Electrification Administrator (Wash. City News Service).

NOT IN SESSION. Next meeting Mon., Feb. 5.

HOUSE

4. AGRICULTURAL-CENSUS APPROPRIATION. Appropriations Committee reported without amendment H. J. Res. 85, appropriating \$6,784,000 additional (same as Budget estimate) for the census of agriculture (H. Rept. 52)(p. 794). The committee report states that the appropriation is necessary "if the job is to be prosecuted completely and successfully."
5. FARM LABOR. Reps. Hoffman, Mich.; Sparkman, Ala., Phillips, Calif., and others opposed the drafting of essential farm labor and discussed the possible effect on food production. Rep. Hoffman inserted several communications on this subject. (pp. 785-93.)
6. DAIRY INDUSTRY; FARM LABOR. Rep. Hill, Colo., stated that it looks as though many dairy farmers are "going to have to sell" their herds because of the lack "of experienced help" in view of the induction of farm labor into the armed forces, and inserted a Denver Milk Producers' resolution on this subject (p.778).
7. FEDERAL LOAN AGENCIES. Rep. Cochran, Mo., urged that S. 375, the George RFC-Commerce separation bill, be referred to the Expenditures in the Executive Departments Committee, but the Speaker referred the bill to the Banking and Currency Committee (p. 776).
8. ADJOURNED until Mon., Feb. 5 (p. 793).

BILLS INTRODUCED

9. PERSONNEL. H.R. 1968, by Rep. Rees, Kans., to provide, in the case of certain Government employees dying after Sept. 18, 1939, for payment of accrued annual leave due at the time of death, and H.R. 1969 to extend certain benefits under the Civil Service Retirement Act to employees with not less than 5 years' service. To Civil Service Committee. (p. 794.) Remarks of author (p.780).
10. FLAG DISPLAY. H.J. Res. 92, by Rep. Sadowski, Mich., to authorize the President to proclaim Oct. 11, 1945, General Pulaski's Memorial Day. To Judiciary Committee. (p. 794.)

ITEMS IN APPENDIX

11. MISSOURI VALLEY AUTHORITY. Rep. Cochran, Mo., inserted F.V.Heinkel's Missouri Farmer article favoring the establishment of an MVA based on a plan similar to the TVA (p. A458).
12. FISHERIES. Rep. Angell, Oreg., inserted a Harpers Magazine article regarding the "great salmon experiment" on the Columbia River (pp. A459-61).
13. TRANSPORTATION. Rep. Horan, Wash., inserted Dr. F.O.Kreager's address concerning the need for highway construction in the Northwest States to, among other things, aid in trade development and processed food distribution (pp.A457-8).

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 3, 1945, for actions of Friday, February 2, 1945)

(For staff of the Department only)

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SENATE

1. COMMODITY CREDIT CORPORATION. S. 298, as reported from the Senate Banking and Currency Committee (see Digest 19) provides as follows: Increases CCC's borrowing power by \$1,500,000,000. Authorizes CCC, if the War Food Administrator finds that there is danger of spoilage of any non-basic perishable commodity owned or controlled by CCC, to sell or cause to be sold such commodity below parity or comparable price, but requires such sales to be made, insofar as practicable, so as to prevent depression of farm prices. Suspends, until two years after January 1 immediately following the end of the war, the restrictions on the sale of cotton in Sec. 381(c) of the Agricultural Adjustment Act of 1938. Makes inapplicable to CCC, for the fiscal year 1946, the prohibition in the Stabilization Extension Act of 1944 against subsidies, etc., but limits the CCC subsidies as follows: Permits payments (1) to complete operations for 1944 and prior-year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and in amounts not over \$250,000,000 during the last half of 1945 for the dairy production payment program, \$60,000,000 during that period for other noncrop programs, and \$225,000,000 for the 1945 crop programs. Permits continuation of the subsidies (on a comparable basis) during the following six months if the war has not ended, but prohibits additional subsidy obligations if the war ends during the first half of 1946. Provides for annual appraisals of CCC assets as of June 30 (now March 31), on the basis of the lower of average market price during the last month of the fiscal year or cost (now the lower of cost, including not more than one year's charges; or average market prices for 12 months before appraisal). Continues CCC as a Government agency from June 30, 1945, until June 30, 1947.
2. FARM LABOR. It is understood that a subcommittee of the Agriculture and Forestry Committee has been formed to formulate a statement of the position of the Committee regarding the drafting of farm labor, for transmission to the Military Affairs Committee. It is also understood that the Military Affairs Committee has approved clarifying language in the manpower bill to make it more certain that the Tydings amendment will not be affected. (Wash. City News Service.)



United States
of America

Please return to
LEGISLATIVE REPORTS AND SERVICE SECTION
Office of Budget and Finance

Congressional Record

PROCEEDINGS AND DEBATES OF THE 79th CONGRESS, FIRST SESSION

Vol. 91

WASHINGTON, FRIDAY, FEBRUARY 2, 1945

No. 20

Senate

The Senate was not in session today. Its next meeting will be held on Monday, February 5, 1945, at 12 o'clock meridian.

House of Representatives

FRIDAY, FEBRUARY 2, 1945

The House met at 12 o'clock noon, and was called to order by the Speaker.

Rev. Bernard Braskamp, D. D., pastor of the Gunton Temple Memorial Presbyterian Church, offered the following prayer:

O Thou who hast given unto the chosen representatives of our beloved country the sacred and difficult task of serving their generation in these days of unparalleled tragedies, we pray that Thou wilt create within their souls a vivid sense of Thy presence and power.

Help us to have a clear understanding of the problems which confront the members of the human family. Give us wisdom that we may know how to counsel them in their perplexities. Make us strong and brave that we may be able to assuage their sorrows and anxieties. Fill us with sympathy and hope that we may bring courage to all who are in distress and despair.

Grant that our hearts may be leagued with Thine in an abiding comradeship. Make us sensitive and responsive to the guidance of Thy Spirit. May we seek to fulfill each appointed task in faith and in faithfulness. Hasten the day when the ideals of righteousness and peace which we recognize and cherish shall become the blessed realities in the life of humanity.

Hear us for the sake of the Christ our Saviour. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 621. An act to further amend section 22 of the act approved March 4, 1925, entitled

"An act providing for sundry matters affecting the naval service, and for other purposes," by changing the limitation on the total personnel of the Naval Reserve Officers' Training Corps, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 626. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 63. An act to amend the Communications Act of 1934, as amended, so as to prohibit interference with the broadcasting of noncommercial cultural or educational programs;

S. 72. An act for the relief of Antonio Ruiz;

S. 76. An act for the relief of John T. Cooper;

S. 77. An act for the relief of Lindon A. Long;

S. 167. An act for the relief of Perkins Gins, formerly Perkins Oil Co., of Memphis, Tenn.;

S. 177. An act for the relief of Oscar Griggs;

S. 184. An act to amend the Social Security Act by authorizing the furnishing of wage-record information to State unemployment-compensation agencies;

S. 213. An act to authorize the Secretary of the Navy to grant the city of Canton, Ohio, for highway purposes only, a strip of land situated within the United States naval ordnance plant at Canton, Ohio;

S. 216. An act to authorize the Secretary of the Navy to convey to Oahu Railway & Land Co. an easement for railway purposes in certain lands situated at Halawa, Ewa, Oahu, T. H.;

S. 217. An act to authorize an exchange of lands between the city of Eastport, Maine, and the United States, and the conveyance of a roadway easement to the city of Eastport, Maine;

S. 218. An act to authorize the Secretary of the Navy to lease certain lands situated in San Diego County, State of California;

S. 219. An act to amend section 1442, Revised Statutes, relating to furlough of officers by the Secretary of the Navy;

S. 221. An act to authorize Lewis Hobart Kenney, Charles Garner, Charles Clement Goodman, and Henry Charles Robinson to accept decorations and orders tendered them by the Government of the United States of Brazil;

S. 243. An act for the relief of Galen E. Walter;

S. 294. An act to authorize the Administrator of Veterans' Affairs to furnish certain benefits, services, and supplies to discharged members of the military or naval forces of any nation allied or associated with the United States in World War No. 2, and for other purposes;

S. 311. An act for the relief of Philip Kleinman;

S. 312. An act for the relief of Harriet B. Rickards;

S. 314. An act for the relief of Sigurdur Jonsson and Thorolína Thordardóttir;

S. 315. An act for the relief of G. F. Allen, chief disbursing officer, Treasury Department, and for other purposes;

S. 317. An act for the relief of G. F. Allen, chief disbursing officer, Treasury Department, and for other purposes;

S. 335. An act for the relief of Mrs. Amy McKnight; and

S. 375. An act to provide for the effective administration of certain lending agencies of the Federal Government.

The message also announced that the Vice President has appointed Mr. BARKLEY and Mr. BREWSTER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments and agency:

1. Department of Agriculture.
2. Department of the Navy.
3. Department of War.
4. National Housing Agency.

THE GEORGE BILL

Mr. COCHRAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COCHRAN. Mr. Speaker, I use this means to respectfully call to the attention of the Speaker the bill which was passed by the Senate yesterday which has been messaged to the House. Originally it was a bill to separate the loaning agencies from the Department of Commerce.

Mr. RANKIN. Mr. Speaker, a point of order. That is not a parliamentary inquiry.

The SPEAKER. The attention of the Chair was diverted for a moment. The gentleman will state his parliamentary inquiry.

Mr. COCHRAN.* I am making a parliamentary inquiry.

Mr. RANKIN. The gentleman is covering a lot of territory.

The SPEAKER. The gentleman from Missouri [Mr. COCHRAN] will state his parliamentary inquiry.

Mr. COCHRAN. Had this bill been passed by the Senate as it was reported by the Committee on Commerce of the Senate there would be absolutely no question as to what committee had jurisdiction. I understand there was a bill introduced in the House similar to the one that was introduced in the Senate and that bill was referred to the Banking and Currency Committee and properly so.

Anyone who understands the effect of the Senate amendment, now section 5 of the Senate bill, will fully realize the importance of the question involved. If what has occurred in the past can be taken as an indication of the attitude of those in charge of the corporations affected there will certainly be tremendous objection.

I am not, of course, Mr. Speaker, addressing myself to the merits of section 5. I do not know of any Member of the House who has been more active in supporting the Comptroller General. Many, many times I have stated that public money, no matter how used, should be subject to an audit. I merely say this to give an indication of my feeling. The point that I am making is that taking the bill as a whole, section 5 is now the most important part of this legislation.

Let it be remembered the bill introduced in the House which was referred to the Committee on Banking and Currency did not contain the language I refer to now in section 5 of the Senate bill.

It was during the consideration of the bill in the Senate that section 5 was added. It is admitted as the bill now stands jurisdiction lies with two committees. Section 5 provides that the Comptroller General shall audit all corporations wholly owned by the Government. I do not think anyone can state offhand the number of those corporations but there are well over 50 of them. Now the question of the confirmation of Mr. Wallace does not enter into this bill at all as it comes to the House. It did in the Senate. Therefore, in my opinion, the most important part of this bill now is whether

Government corporations should be audited by the Comptroller General, rather than the part divorcing loaning agencies from the Department of Commerce. I think it is well known that time and again I have urged that Government-owned corporations be audited by the Comptroller General. I am a member of the Committee on Expenditures in the Executive Departments, and no one can dispute that jurisdiction undoubtedly lies with that committee insofar as section 5 is concerned. If my contention is correct that the audit feature is the most important part of the bill, then it should be referred to the Committee on Expenditures.

My purpose in taking the floor is to urge the Speaker to give careful consideration to section 5 of the bill, and I express the hope that the Committee on Expenditures will not be bypassed, but that the bill will be referred to that committee.

I also want to call attention to the fact that the Senate bill originally was referred to the Committee on Commerce of the Senate and not to the Committee on Banking and Currency, which considered the R. F. C. legislation. I appeal to the Speaker to give careful consideration to the arguments I have advanced. I insist the most important part of that bill as far as the House is concerned is section 5.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I yield if permitted by the Speaker.

Mr. MARTIN of Massachusetts. I have some amendments that I hope will be attached to this legislation. For instance, the alteration of section 1 of the War Manpower Act gives the President the power to shift agencies around. I believe that, under the present conditions, needs attention. Also the question of auditing, in which the gentleman is interested. Could the gentleman's committee handle both of those subjects?

Mr. COCHRAN. I know the Committee on Expenditures as constituted is fully able to handle this subject or any other that comes within its jurisdiction. We have many capable members on the committee.

Mr. MARTIN of Massachusetts. I appreciate how capable the members are, but the question is whether you could cancel that power of the President to shuffle the bureaus. Did that come from the gentleman's committee in the first place?

Mr. COCHRAN. It did not. That matters not. For instance, the original bill which was acted upon in the Senate yesterday came from the Committee on Commerce in the Senate, but the original loaning agencies legislation came from the Committee on Banking and Currency of that body. The reason, as expressed on the floor, was that there was more commerce involved than there was banking.

Mr. RANKIN. Will the gentleman yield to me for a unanimous-consent request that we take the bill up now for consideration by the House and not bother with any committee?

Mr. COCHRAN. I certainly will not.

The SPEAKER. The Chair will not recognize the gentleman for that purpose.

Mr. RANKIN. The whole thing is out of order.

Mr. COCHRAN. The Speaker, who is in control, did not say I was out of order.

Mr. RANKIN. I did.

Mr. COCHRAN. It matters not to me what the gentleman says. The gentleman is not running the House.

Mr. RANKIN. I know I am not. I am not trying to do so.

Mr. COCHRAN. If the gentleman had listened to me at the outset, he would have heard me say that I was seeking the floor in order to bring the matter to the attention of the Speaker. I am attempting to state my reasons for making a parliamentary inquiry, which I will do if it is necessary to get an expression from the Chair. I am sure the Speaker fully understands my purpose and is in a position to answer.

The SPEAKER. The gentleman from Missouri [Mr. COCHRAN] has had the floor to propound some questions to the Chair.

Mr. RANKIN. And I made the point of order that the gentleman did not propound a parliamentary inquiry.

The SPEAKER. The Chair does not have to assume this is a parliamentary inquiry in order to answer the gentleman's questions. The gentleman from Missouri on yesterday raised this question and the Chair has considered the matter.

Two bills have been introduced by Members of the House relating to the same subject of removing these loaning agencies from the Department of Commerce. Those bills have been referred to the Committee on Banking and Currency. Of course, the Chair intends, after going over this matter, to refer this matter to the Committee on Banking and Currency. It is up to the Committee on Banking and Currency to drop out any sections they desire or for the House to do it after the bill is reported to the House.

The Chair now refers the Senate bill to the Committee on Banking and Currency.

Mr. COCHRAN. I always abide by the decision of the Chair and that settles the matter so far as I am concerned.

CORRECTION OF THE ROLL CALL

Mr. HARLESS of Arizona. Mr. Speaker, on yesterday the RECORD shows that I voted on the first roll call, but on the main motion the RECORD fails to show that I voted. I was present and voted, and I ask unanimous consent that the RECORD show that I voted "no" on the passage of the bill, H. R. 1752.

The SPEAKER. Without objection, the RECORD and the Journal will be corrected accordingly.

There was no objection.

Mr. BAILEY. Mr. Speaker, on roll call No. 9 yesterday, which was the yeand-nay vote on H. R. 1752, the so-called manpower bill, I am recorded as "not voting." I was present and voted "no." I therefore ask unanimous consent that the RECORD and Journal be corrected accordingly.

79TH CONGRESS
1ST SESSION

S. 375

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1945

Referred to the Committee on Banking and Currency

AN ACT

To provide for the effective administration of certain lending agencies of the Federal Government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Federal Loan Agency, created by section 402 of
4 the President's Reorganization Plan Numbered I under
5 authority of the Reorganization Act of 1939, shall continue
6 as an independent establishment of the Federal Government
7 and shall continue to be administered under the direction
8 and supervision of the Federal Loan Administrator in the
9 same manner and to the same extent as if Executive Order
10 9071, dated February 24, 1942, transferring the functions

1 of the Federal Loan Agency to the Department of Commerce,
2 had not been issued.

3 SEC. 2. All powers, functions, and duties of the Depart-
4 ment of Commerce and of the Secretary of Commerce which
5 relate to the Federal Loan Agency (together with the re-
6 spective personnel, records, and property, including office
7 equipment, relating to the exercise of such functions, powers,
8 and duties) are hereby transferred to the Federal Loan
9 Agency to be administered under the direction and super-
10 vision of the Federal Loan Administrator.

11 SEC. 3. The unexpended balance of the funds made
12 available to the Secretary of Commerce by Public Law 365,
13 Seventy-eighth Congress, approved June 28, 1944, for ad-
14 ministrative expenses of supervising loan agencies, shall be
15 transferred to the Federal Loan Agency to be used for the
16 administrative expenses of that Agency.

17 SEC. 4. No functions, powers, or duties shall be trans-
18 ferred from the Federal Loan Agency under the provisions
19 of title I of the First War Powers Act, 1941, or any other
20 law unless the Congress shall otherwise by law provide.

21 SEC. 5. (a) The financial transactions of all Govern-
22 ment corporations shall be audited by the General Account-
23 ing Office in accordance with the principles and procedures
24 applicable to commercial corporate transactions and under
25 such rules and regulations as may be prescribed by the Comp-

1 troller General of the United States. The audit shall be con-
2 ducted at the place or places where the accounts of the
3 respective corporations are normally kept. The representa-
4 tives of the General Accounting Office shall have access to
5 all books, accounts, financial records, reports, files, and all
6 other papers, things, or property belonging to or in use by
7 the respective corporations and necessary to facilitate the
8 audit, and they shall be afforded full facilities for verifying
9 transactions with the balances or securities held by de-
10 positaries, fiscal agents, and custodians. The audit shall
11 begin with the current fiscal year.

12 (b) A report of each such audit for each fiscal year
13 ending on June 30 shall be made by the Comptroller Gen-
14 eral to the Congress not later than January 15 following
15 the close of the fiscal year for which such audit is made.
16 The report shall set forth the scope of the audit of each
17 corporation and shall include a statement (showing inter-
18 corporate relations) of assets and liabilities, capital and
19 surplus, or deficit; a statement of surplus or deficit analysis;
20 a statement of income and expense; and such comments
21 and information as may be deemed necessary to keep Con-
22 gress informed of the operations and financial condition of
23 the several corporations, together with such recommenda-
24 tions with respect thereto as the Comptroller General may
25 deem advisable, including a report of any impairment of

1 capital noted in the audit and recommendations for the
2 return of such Government capital or the payment of such
3 dividends as, in his judgment, should be accomplished. The
4 report shall also show specifically every program, expendi-
5 ture, or other financial transaction or undertaking, which,
6 in the opinion of the Comptroller General, has been carried
7 on or made without authority of law. A copy of each
8 report shall be furnished to the President and to the cor-
9 poration concerned at the time submitted to the Congress.

10 (c) The expenses of auditing the financial transactions
11 of all Government corporations as provided in section 5 (a)
12 of this Act may be paid out of appropriations to the General
13 Accounting Office and appropriations in such sums as may
14 be necessary are hereby authorized for the purpose: *Pro-*
15 *vided*, That by agreement between the General Accounting
16 Office and said corporation the expenses of said audit may
17 be paid from funds of such corporation.

Passed the Senate February 1, 1945.

Attest:

LESLIE L. BIFFLE,

Acting Secretary.

AN ACT

To provide for the effective administration of certain lending agencies of the Federal Government.

FEBRUARY 2, 1945

Referred to the Committee on Banking and Currency

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No.23

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 8, 1945, for actions of Wednesday, February 7, 1945)

(For staff of the Department only)

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HOUSE

1. A.A.A. ALLOTMENTS. Passed as reported S. 338, which authorizes cotton and wheat allotments of any farm to be protected even though such crops have not been planted for the past 3 years, if the normal history of the farm has been upset because of war-crop production; authorizes wheat, cotton, and peanut allotments to be protected if the owner or operator has been serving in the armed forces; and authorizes an upward adjustment for peanut acreage on farms where the peanut acreage is below the normal history of the farm (pp. 909-10).
2. CENSUS OF AGRICULTURE. Passed, 198-171, without amendment H.J.Res. 85, appropriating \$6,784,000 additional for the census of agriculture for the fiscal year, 1945 (pp. 903-9).
Rejected (153-177, 179-193) Rep. Taber's (N.Y.) motions for Committee of the Whole to report the resolution to the House with the resolving clause stricken (pp. 903-4), and to recommit with instructions to report it amended to prohibit deferment because of employment in connection with the census (pp. 907-8).
Rejected amendments by:
Rep. Andresen, Minn., 90-142, to reduce the amount to be appropriated to \$2,500,000 (pp. 904-6) after rejecting Rep. Rich's (Pa.) amendment to the Andresen amendment by reducing the amount to \$1 (pp. 905-6); and
Rep. Vorys, Ohio, 89-144, to prohibit deferment from military/service because of employment in connection with the taking, preparing, compiling, or publishing of the Quinquennial Census of Agriculture (pp. 906-7)
3. INDEPENDENT OFFICES APPROPRIATION BILL. Began general debate on H.R.1984 (pp. 910-29, 932). (For bill's provisions see Digest 21.) Reps. Woodrum, Va., and Cannon, Mo., discussed the bill's provisions (pp. 910-9). Rep. Wigglesworth, Mass., criticized the size of the appropriations, urged GAO audit of all financial transactions, and inserted tables showing unobligated balances of appropriations as of Nov. 30, 1944 (pp. 920-8).
4. LOAN AGENCIES. Banking and Currency Committee reported without amendment S. 375, separating RFC and subsidiaries from the Commerce Department (H.Rept. 60) (p. 936).

5. COMMODITY CREDIT. Banking and Currency Committee reported without amendment H.R. 2023, to continue CCC as a U.S. agency, to increase its borrowing power, etc. (H. Rept. 58) (p. 936). The bill provides for increasing CCC's borrowing power by \$2,000,000,000; that during the present war and for two years thereafter CCC shall not sell any farm commodity at less than parity or comparable price, except that this restriction shall not apply to (1) sales for new or byproduct uses, (2) sales of peanuts for the extraction of oil, (3) sales for export, (4) sales for seed or feed, provided that no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made, (5) sales of deteriorated commodities if there is danger of waste through spoilage, or (6) sales for the purpose of establishing claims for fraud; that the method of determining the parity price for 7/8 Middling cotton "at the average location"; that the prohibition against subsidy payments in the Stabilization Extension Act of 1944 shall not apply to CCC in its operations designed to support prices or obtain production of agricultural commodities, or to absorb costs in connection with the transportation of agricultural commodities and foods; for annual appraisal of CCC assets as of June 30 on the basis of the cost of such assets to CCC, or, insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is lower; and that CCC shall continue as a U.S. agency until June 30, 1947.

6. FARM LABOR. Rep. Flannagan, Va., criticized Selective Service's handling of the farm-labor induction situation and inserted the Tydings amendment, SSS's directive and supplement, and General Hershey's editorial and testimony in connection with this situation. Rep. Flannagan inserted also his proposed amendment to H.R. 1752, the May national-service bill, which "would clear up the matter and force the Selective Service to construe the Tydings amendment as the Congress intended it should be construed" (pp. 932-4).

7. APPROPRIATIONS. Received (Feb. 6) from the President supplemental appropriation estimates as follows:

National Housing Agency, \$90,000,000 for wartime housing (H. Doc. 52);

Federal Works Agency, \$23,000,000, for financing public-works programs (H. Doc. 53); and

Interior Department, \$36,000 for the administration of the Grazing Service; and \$126,000 for the Reclamation Bureau for continuing construction of the Colorado River project, Tex. (H. Doc. 66). To Appropriations Committee.

8. VEHICLES. Received (Feb. 6) from the President a proposed provision in the form of an amendment to the Budget limiting to \$1,500 the amount which Government agencies may pay for automobiles (H. Doc. 57). To Appropriations Committee.

SENATE

NOT IN SESSION. Next meeting Thurs., Feb. 8.

BILLS INTRODUCED

1. PURCHASING. H. R. 2030, by Rep. Wasielewski, Wis., to replace the present cost-plus and other systems of contracting for public construction by a system of negotiated lump-sum contracts. To Judiciary Committee. (p. 936.) Remarks of author (p. A520-2).

2. PROPERTY ACQUISITION. H. R. 2034, by Rep. Whitten, Miss., to make more uniform a trial on the issue of compensation in cases of condemnation of property and H. R. 2035, making more uniform trial of the issue of compensation in cases of condemnation of property. To Judiciary Committee. (p. 936.)

Mr. LANE. I thank the gentleman from New York for his contribution.

Mr. DICKSTEIN. May I also call to the gentleman's attention the fact that not only were 4,500,000 Hebrews or persons of Jewish blood in Belgium, Poland, and Holland, people who were nationals of those countries, killed in cold blood, but many Catholics and Protestants were killed also, running into the hundreds of thousands.

Mr. LANE. The gentleman is right.

Mr. DICKSTEIN. So the scope of the question is much larger than what the gentleman expressed, dealing only with Hebrews.

Mr. LANE. I thank the gentleman.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the Atlanta Journal of Atlanta, Ga.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[The matter referred to appears in the Appendix.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LaFOLLETTE (at the request of Mr. HALLECK), for an additional 30 days, on account of necessary and official business.

To Mr. HAND (at the request of Mr. WOLVERTON of New Jersey), for today, on account of illness.

To Mr. O'TOOLE (at the request of Mr. BYRNE of New York), indefinitely, on account of illness.

ENROLLED BILL SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 1427. An act relating to the compensation of telephone operators on the United States Capitol telephone exchange.

ADJOURNMENT

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, February 8, 1945, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, February 8, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce, at 10 o'clock a. m., Thursday, February 8, 1945, to resume hearings on H. R. 1362, railroad retirement bill.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

(Thursday, February 15, 1945)

The Committee on the Merchant Marine and Fisheries will hold a public hearing Thursday, February 15, 1945, at

10 o'clock a. m., on H. R. 1425, to provide for the sale of certain Government-owned merchant vessels, and for other purposes.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SPENCE: Committee on Banking and Currency. H. R. 2023. A bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes; without amendment (Rept. No. 58). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 1523. A bill relating to escapes of prisoners of war and interned enemy aliens; without amendment (Rept. No. 59). Referred to the House Calendar.

Mr. SPENCE: Committee on Banking and Currency. S. 375. An act to provide for the effective administration of certain lending agencies of the Federal Government; without amendment (Rept. No. 60). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WASIELEWSKI:

H. R. 2030. A bill to replace the present cost-plus and other systems of contracting for public construction by a system of negotiated lump-sum contracts; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 2031. A bill to permit the naturalization of native-born Filipinos; to the Committee on Immigration and Naturalization.

By Mr. PETERSON of Georgia:

H. R. 2032. A bill authorizing general shoreline investigations at Federal expense, and to repeal an act for the improvement and protection of the beaches along the shores of the United States, approved June 26, 1936; to the Committee on Rivers and Harbors.

H. R. 2033 (by request). A bill authorizing Federal participation in the cost of protecting the shores of publicly owned property; to the Committee on Rivers and Harbors.

By Mr. WHITTEN:

H. R. 2034. A bill to make more uniform a trial on the issue of compensation in cases of condemnation of property; to the Committee on the Judiciary.

H. R. 2035. A bill making more uniform trial of the issue of compensation in cases of condemnation of property; to the Committee on the Judiciary.

By Mr. BENNETT of Missouri:

H. R. 2036. A bill to provide for award of the Order of the Purple Heart and authorizing an award to civilians wounded by enemy action; to the Committee on Military Affairs.

By Mr. BROOKS:

H. R. 2037. A bill amending Public Law 322, Seventy-seventh Congress, chapter 501, first session (H. R. 5750); to the Committee on Military Affairs.

By Mr. DE LACY:

H. R. 2038. A bill to establish a United States Naval Academy in the Puget Sound area of the State of Washington; to the Committee on Naval Affairs.

By Mr. LANE:

H. R. 2039. A bill to extend the time for filing applications for payment of World War adjusted-service certificates to January 1,

1946, and for other purposes; to the Committee on Ways and Means.

By Mr. LARCADE:

H. R. 2040. A bill to amend the Mustering-Out Payment Act of 1944 to provide mustering-out payments for certain persons discharged or relieved from active service in the armed forces to accept employment; to the Committee on Military Affairs.

By Mr. LUTHER A. JOHNSON:

H. R. 2041. A bill to amend the Interstate Commerce Act, to provide for the establishment of a uniform classification and uniform scale of class rates for railroad freight, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROWAN:

H. R. 2042. A bill to establish the methods of advancement for post-office employees in the field service; to the Committee on the Post Office and Post Roads.

H. R. 2043. A bill to provide for the extension of patents whenever the use of the same is prevented by war or other causes; to the Committee on Patents.

By Mr. WEISS:

H. R. 2044. A bill to establish a United States commission for the promotion of physical fitness and making an appropriation for such commission; to the Committee on Education.

By Mr. HARTLEY:

H. R. 2045. A bill to establish a United States commission for the promotion of physical fitness and making an appropriation for such commission; to the Committee on Education.

By Mr. WEISS:

H. R. 2046. A bill to amend the act entitled "An act to fix the hours of duty of postal employees, and for other purposes," approved August 14, 1935, as amended; to the Committee on the Post Office and Post Roads.

By Mr. HAGEN:

H. R. 2047. A bill to provide that the widows and orphans and dependent parents of deceased World War veterans who were suffering with permanent total combat-incurred disabilities shall, regardless of the cause of death, be entitled to the rates of pension which would be payable to them if the veteran had been killed in action in such service; to the Committee on Invalid Pensions.

By Mr. MURDOCK:

H. R. 2048. A bill authorizing the Secretary of the Interior to convey certain lands on the Gila reclamation project, Arizona, to the University of Arizona; to the Committee on the Public Lands.

H. R. 2049. A bill to prohibit cancellation or reduction of old-age assistance allowances or unemployment insurance otherwise payable to one receiving an allotment or allowance under Public Law 625, Seventy-seventh Congress, approved June 23, 1942; to the Committee on Ways and Means.

By Mrs. NORTON:

H. R. 2050. A bill to provide for the bonding of Federal officials and employees; to the Committee on Expenditures in the Executive Departments.

By Mr. CASE of South Dakota:

H. R. 2051. A bill to provide for financial control of Government corporations; to the Committee on Expenditures in the Executive Departments.

By Mr. HAGEN:

H. R. 2052. A bill to amend Public Law No. 300, Seventy-eighth Congress, May 11, 1944, to include aggravation of an existing injury or disease in determination of service connection of disability; to the Committee on World War Veterans' Legislation.

By Mr. BENNET of New York:

H. J. Res. 95. Joint resolution to provide for the admission to the United States of aliens who are religious or racial refugees; to the Committee on Immigration and Naturalization.

By Mr. MILLS:

H. J. Res. 96. Joint resolution proposing an amendment to the Constitution of the United

business of the day and any special orders already entered for that day.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

REVISION OF COST-PLUS CONTRACT SYSTEM

The SPEAKER. Under the previous order of the House the gentleman from Wisconsin [Mr. WASIELEWSKI] is recognized for 25 minutes.

[Mr. WASIELEWSKI addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. WASIELEWSKI. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, that they be placed in the Appendix of the RECORD and that I may include as a part of my remarks H. R. 2030.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. LANE] is recognized for 10 minutes.

[Mr. LANE asked and was given permission to revise and extend his remarks.]

PUNISHMENT OF WAR CRIMINALS

Mr. LANE. Mr. Speaker, the subject of punishment of war criminals has recently come very much to the fore, and I regret to say that it has disclosed a rather gloomy picture. It has often been stated, and with a great deal of logic, that the failure of the Allies in the last war to exact punishment against the war criminals paved the way to the present war.

The atrocities and horrors which Germany and her allies have committed in this war surpass, beyond all proportion, what they did before, yet it seems that they have not been gruesome enough to shake some quarters in the British Government and in our own Government.

Having plunged the whole world into a war which already has cost some 20,000,000 casualties, if not more; the shooting of hostages; the deliberate eradication of cities; the diabolical mass murder of some 4,000,000 Hebrew men, women, and children in especially constructed death factories; the cannibalistic practice of using human corpses for fertilizing purposes and for the manufacture of goods; having committed all this horror, which our minds are not really capable of grasping, the hesitancy shown in regard to the punishment of those guilty of it is indeed perplexing if not shocking.

Yet, Mr. Speaker, this hesitancy exists, and this hesitancy now aims to liquidate even the limited measures which have been undertaken in this line. Last week, the Department of State announced that the Honorable Herbert C. Pell, our representative on the United Nations War Crimes Commission in London, will not return to the Commission.

Mr. Pell has publicly declared that he suspects he was removed because he be-

lieves that the Axis should be punished for crimes committed against Hebrew people in the same manner as they ought to be punished for crimes committed against other United Nations. In other words, all Mr. Pell advocates is that we consider Germany's murder of close to 4,000,000 Hebrew people in Europe as a war crime. As I said, Mr. Speaker, it is beyond my comprehension, but it seems that some high Government officials have their doubts, they are not sure, and therefore are unwilling to state that this wanton deed is a crime, a crime against God and man in peace as in war. I can hardly think, Mr. Speaker, of a stand which is more violently in opposition to the traditions and sentiments of America as such a cruel, unjust, and legally frustrated point of view. I personally hope that Mr. Pell is wrong and that these were not the reasons for the State Department's removing him. It is conceivable that though Mr. Pell is a veteran diplomat and has done, under the circumstances, a most creditable job in London, his superiors in the State Department do not think so or may have some administrative reasons for his removal. While I would regret this very much, this, of course, will be an entirely different question, one which will involve the prerogatives of judgment and decision of the Secretary of State. But it is a fact, quite apart from the Pell ouster, that the State Department has not announced a clear policy on this issue. It is a fact that for months it has been urged from many quarters that a clear statement be issued in this regard. The Hebrew Committee of National Liberation, a body which is naturally deeply concerned with this issue, has repeatedly pointed out not only the importance but the urgency of the matter. The committee claims, and it seems to me perfectly true and logical, that our failure to date to act and to make known to the German barbarians and their satellites that we consider the mass murder of Hebrews as brutal a crime as the mass murder of Czechs or Poles or Englishmen, and that due punishment will be coming for all atrocities without any exceptions, is largely responsible for Germany's continued mass murder, even at the present stage of the war, when she knows she is defeated and is merely fighting a delaying action.

It is sound to assume that the Germans will not continue to murder Hebrews right up to the very minute of the armistice. They will stop sometime before that. I firmly believe that if we adopt a clear and determined stand on this issue immediately the mass murder will stop now.

I wish to emphasize that I have been referring all along to "Hebrews," not to "Jews," for these two terms are not synonymous. Crimes committed against United Nations nationals of Jewish religion are of course part of the crimes against the United Nations and will be punished as such. It is only those crimes committed against Hebrews—people now referred to as stateless Jews, German Jews, or Hungarian Jews—which are not being considered as war crimes at all, since the Hebrew Nation is not recognized as one of the United Nations.

Mr. Speaker, these people are neither stateless nor are they Germans nor Hungarians; they are Hebrews. It is as such that they have been murdered and their extermination sought, and it is only through our recognition of them as such that they can be saved. It is high time, Mr. Speaker, that something drastic be done to alleviate the continued, age-old suffering of these people. We all hope that out of the victory of this war this problem, too, will be solved with boldness and imagination.

But meanwhile thousands of Hebrews are being daily massacred and we have no right to delay for a single day any effort that we can make to attempt to save them. Least of all have we the right to delay in making a clear statement of policy on this issue.

For many months the Hebrew Committee of National Liberation has urged upon the governments of the United Nations, including our own, the following proposals:

1. That the governments of the United Nations concerned issue a joint declaration proclaiming that crimes committed against Hebrews in Europe, irrespective of the territory on which the crime was committed or the citizenship or lack of citizenship of the victim at the time of death, be considered a war crime and punished as such.

2. That the governments of the United Nations concerned instruct their representatives on the War Crimes Commission to see to it that the above-mentioned declaration is put into effect.

3. That representatives of the Hebrew people be given membership on the War Crimes Commission and that temporarily, until such time as a Hebrew national sovereignty be reestablished, the Hebrew Committee of National Liberation be authorized to constitute the Hebrew representation on the War Crimes Commission.

Mr. Speaker, I fully support these proposals. I am sure that the great majority of the Members of this House do so equally. I was pleased and heartened by the statement made by Mr. Grew, the Acting Secretary of State, in which he acknowledged and welcomed the great public interest and concern in this most important problem, but this is not enough. It only proves the justification of the above-mentioned proposals which I want to urge, as forcefully as I know how, be acted upon by the Department of State without any additional delay. What less, Mr. Speaker, can we do for a martyred people who have been so fiendishly ravaged in this war?

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. LANE. I yield to the gentleman from New York.

Mr. DICKSTEIN. I am very grateful to the gentleman for that statement. I, too, am a little disturbed why Mr. Pell was removed. I think he was an able statesman, and I believe that he expressed the thought that proper punishment, as laid down by the President, should be meted out to the people who are responsible for these atrocities. I think one of the reasons for his removal was his unwillingness to go into that question. I think he was a capable man and should have been left where he was. I am worried why the State Department has removed him, and I hope and trust the gentleman will follow through.

ADMINISTRATION OF GOVERNMENT LENDING AGENCIES

FEBRUARY 7, 1945.—Committed to the Committee of the Whole House on the
state of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, sub-
mitted the following

REPORT

[To accompany S. 375]

The Committee on Banking and Currency, to whom was referred the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSES OF THE BILL

This bill has two primary purposes: (1) To restore to the Federal Loan Agency, an independent agency in the executive branch of the Government, the functions which, pursuant to the authority granted in the First War Powers Act, 1941, were by Executive order temporarily transferred from that Agency to the Department of Commerce and which still remain in that Department, and (2) to provide for the auditing, by the General Accounting Office, of the financial transactions of Government corporations.

EXPLANATION BY SECTIONS

Sections 1 and 2: The Federal Loan Agency was created by section 402 of the President's Reorganization Plan No. I, submitted to the Congress on April 25, 1939, pursuant to the Reorganization Act of 1939, approved April 3, 1939. Section 402 of that plan reads as follows:

SEC. 402. (a) *Federal Loan Agency*.—There shall be at the seat of the Government a Federal Loan Agency, with a Federal Loan Administrator at the head thereof. The Federal Loan Administrator shall be appointed by the President by and with the advice and consent of the Senate and shall receive a salary at the rate of \$12,000 per annum.

(b) *Assistant Federal Loan Administrator.*—The Federal Loan Administrator shall appoint an Assistant Federal Loan Administrator, who shall receive a salary at the rate of \$9,000 per annum. The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

(c) *Powers and duties of Administrator.*—The Administrator shall supervise the administration, and shall be responsible for the coordination of the functions and activities, of the following agencies: Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Disaster Loan Corporation, Federal National Mortgage Association, Federal Home Loan Bank Board, Home Owners' Loan Corporation, Federal Savings and Loan Insurance Corporation, Federal Housing Administration, and Export-Import Bank of Washington. The Administrator may appoint such officers and employees and make such expenditures as may be necessary.

(d) *Administrative funds.*—The Director of the Bureau of the Budget shall allocate to the Federal Loan Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies named in this section, such sums, and in such proportion, as he may find necessary for the administrative expenses of the Federal Loan Agency.

On February 24, 1942, pursuant to the provisions of the First War Powers Act, 1941 (the pertinent provisions of which are set forth in the appendix to this report), which authorized the President to redistribute functions among executive agencies in matters relating to the conduct of the war, the President issued Executive Order No. 9071, which transferred certain functions of the Federal Loan Agency to the Department of Commerce. The pertinent part of that Executive order is the first section, which reads as follows:

SEC. 1. *Transfer of functions.*—All functions, powers, and duties of the Federal Loan Agency and of the Federal Loan Administrator which relate to the Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Federal National Mortgage Association, Disaster Loan Corporation, Export-Import Bank of Washington, Defense Plant Corporation, Rubber Reserve Company, Metals Reserve Company, Defense Supplies Corporation, and War Insurance Corporation, together with all other functions, powers, and duties not transferred by the Executive order establishing the National Housing Agency, are transferred to the Department of Commerce and shall be administered under the direction and supervision of the Secretary of Commerce.

Section 1 of the bill here reported provides that the Federal Loan Agency shall continue as an independent establishment of the Government and shall continue to be administered under the direction and supervision of the Federal Loan Administrator in the same manner and to the same extent as if Executive Order 9071, above referred to, had not been issued.

Section 2 of the bill provides that all powers, functions, and duties of the Department of Commerce and the Secretary of Commerce which relate to the Federal Loan Agency (together with appropriate personnel, records, and property) are transferred to the Federal Loan Agency to be administered under the direction and supervision of the Federal Loan Administrator. The powers, duties, and functions thus transferred, relating to the Federal Loan Agency, do not include certain functions, powers, and duties which were originally transferred to the Department of Commerce and Secretary of Commerce but are no longer vested therein, but do include those which were vested in the Department of Commerce and the Secretary of Commerce subsequent to February 24, 1942, and which are now vested in the Department of Commerce and the Secretary of Commerce. These addi-

tional powers, functions, and duties include those vested in the Secretary of Commerce by Public Law 506 (76th Cong.), approved March 27, 1942, which, among other things, authorized the Reconstruction Finance Corporation to empower War Damage Corporation to insure against loss of, or damage to, property resulting from enemy attack with such general exceptions as War Damage Corporation, with the approval of the Secretary of Commerce, deemed advisable; Public Law 603 (77th Cong.), approved June 11, 1942, which authorized the Reconstruction Finance Corporation to make national defense loans to business enterprises and, when requested by the Secretary of Commerce, to subscribe to the capital stock thereof; and Executive Order 9475, issued September 1, 1944, which transferred certain responsibilities of the Rubber Director to Rubber Reserve Company to be administered under the supervision of the Secretary of Commerce.

It should be noted that by virtue of the provisions of the First War Powers Act, 1941, the restoration to the Federal Loan Agency of the functions, powers, and duties transferred pursuant to that Act would in any event occur upon the termination of the effectiveness of title I of that act, which will be not later than 6 months after the termination of the war. The effect of sections 1 and 2 of this bill is only to hasten that restoration.

Section 3: This section provides for transfer to the Federal Loan Agency, for use for administrative expenses of that Agency, of the unexpended balance of the funds made available to the Secretary of Commerce by Public Law 365 (78th Cong.), for administrative expenses of supervising loan agencies. The pertinent provision of Public Law 365 is set forth in the appendix to this report.

Section 4: This section provides that no functions, powers, or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941 (the text of which is set forth in the appendix to this report), or any other law unless the Congress shall otherwise by law provide.

Section 5: This section provides for an audit to be made of the financial transactions of all Government corporations to be made by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions. While some Government corporations have been audited heretofore by that Office, the bill would extend for the first time to all such corporations the principle of an independent audit and a report thereof to Congress by the General Accounting Office, an agency of the Congress. The type of audit provided is a different type of audit than that made by the General Accounting Office with respect to the regular Government departments and independent establishments. While such audits of Government corporations are to be conducted under rules and regulations prescribed by the Comptroller General of the United States, it is understood that the scope and extent of such audits and the manner in which they shall be conducted will follow generally accepted practices and procedures applied by the public accounting profession in audits of commercial, industrial, and banking institutions as may be determined by the Comptroller General.

The authority given the General Accounting Office is not intended to supersede any existing authority of certain Government corporations to determine and prescribe the manner in which their obligations shall be incurred and their expenses allowed and paid, or to exercise control

over their funds, including the receipt, deposit, and disbursement of these funds. As to such corporations it contemplates that they shall continue to have their present authority to make settlement and adjustment for claims and demands by or against them, and accounts in which they are concerned either as debtor or creditor.

Upon the completion of the General Accounting Office audit for each fiscal year, beginning with the current fiscal year, the Comptroller General is required to make a report not later than the following January 15 to the Congress, with copies to the President and to the corporation concerned, which report shall, among other things, show any program, expenditure, or other financial transaction or undertaking observed in the course of the audit which in the opinion of the Comptroller General has been carried on or made without authority of law.

Section 5 also authorizes appropriations to the General Accounting Office of such sums as may be necessary to carry out the audits of Government corporations but it expressly provides that by agreement with the General Accounting Office and the Government corporations the expenses of the audit may be paid from funds available to the corporation.

APPENDIX

TITLES I AND IV OF FIRST WAR POWERS ACT, 1941

TITLE I—COORDINATION OF EXECUTIVE BUREAUS IN THE INTEREST OF THE MORE EFFICIENT CONCENTRATION OF THE GOVERNMENT

SECTION 1. That for the national security and defense, for the successful prosecution of the war, for the support and maintenance of the Army and Navy, for the better utilization of resources and industries, and for the more effective exercise and more efficient administration by the President of his powers as Commander in Chief of the Army and Navy, the President is hereby authorized to make such redistribution of functions among executive agencies as he may deem necessary, including any functions, duties, and powers hitherto by law conferred upon any executive department, commission, bureau, agency, governmental corporation, office, or officer, in such manner as in his judgment shall seem best fitted to carry out the purposes of this title, and to this end is authorized to make such regulations and to issue such orders as he may deem necessary, which regulations and orders shall be in writing and shall be published in accordance with the Federal Register Act of 1935: *Provided*, That the termination of this title shall not affect any act done or any right or obligation accruing or accrued pursuant to this title and during the time that this title is in force: *Provided further*, That the authority by this title granted shall be exercised only in matters relating to the conduct of the present war: *Provided further*, That no redistribution of functions shall provide for the transfer, consolidation, or abolition of the whole or any part of the General Accounting Office or of all or any part of its functions.

SEC. 2. That in carrying out the purposes of this title the President is authorized to utilize, coordinate, or consolidate any executive or administrative commissions, bureaus, agencies, governmental corporations, offices, or officers now existing by law, to transfer any duties or powers from one existing department, commission, bureau, agency, governmental corporation, office, or officer to another, to transfer the personnel thereof or any part of it either by detail or assignment, together with the whole or any part of the records and public property belonging thereto.

SEC. 3. That for the purpose of carrying out the provisions of this title, any moneys heretofore and hereafter appropriated for the use of any executive department, commission, bureau, agency, governmental corporation, office, or officer shall be expended only for the purposes for which it was appropriated under the direction of such other agency as may be directed by the President hereunder to perform and execute said functions, except to the extent hereafter authorized by the Congress in appropriation Acts or otherwise.

SEC. 4. That should the President, in redistributing the functions among the executive agencies as provided in this title, conclude that any bureau should be abolished and it or their duties and functions conferred upon some other department or bureau or eliminated entirely, he shall report his conclusions to Congress with such recommendations as he may deem proper.

SEC. 5. That all laws or parts of laws conflicting with the provisions of this title are to the extent of such conflict suspended while this title is in force.

Upon the termination of this title all executive or administrative agencies, governmental corporations, departments, commissions, bureaus, offices, or officers shall exercise the same functions, duties, and powers as heretofore or as hereafter by law may be provided, any authorization of the President under this title to the contrary notwithstanding.

* * * * *

TITLE IV—TIME LIMIT AND SHORT TITLE

SEC. 401. Titles I and II of this Act shall remain in force during the continuance of the present war and for six months after the termination of the war, or until such earlier time as the Congress by concurrent resolution or the President may designate.

SEC. 402. This Act may be cited as the "First War Powers Act, 1941".

[Excerpt from Public Law 365 (78th Cong.)]

(LOAN AGENCIES COMMERCE)

Administrative expenses: Of the funds available for administrative expenses to the agencies placed under the supervision of the Secretary of Commerce by section 402 of Reorganization Plan Numbered I under authority of the Reorganization Act of 1939 and Executive Order Numbered 9071 of February 24, 1942, \$120,000 is hereby made available to the Secretary for expenses in accordance therewith, including personal services in the District of Columbia and elsewhere; printing and binding (\$2,500); lawbooks, books of reference and periodicals; not to exceed \$10,000 for the temporary employment of persons or organizations for special services by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws; payment when specifically authorized by the Secretary of actual transportation and other necessary expenses and not to exceed \$10 per diem in lieu of subsistence to persons serving while away from their home, without other compensation from the United States, in an advisory capacity to the Secretary: *Provided*, That none of the funds made available by this Act for administrative expenses of said agencies shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant, and all such expenditures shall be accounted for and audited in accordance with the Budget and Accounting Act, as amended.



Union Calendar No. 22

79TH CONGRESS
1ST SESSION

S. 375

[Report No. 60]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1945

Referred to the Committee on Banking and Currency

FEBRUARY 7, 1945

Committed to the Committee of the Whole House on the state of the Union
and ordered to be printed

AN ACT

To provide for the effective administration of certain lending
agencies of the Federal Government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*
3 That the Federal Loan Agency, created by section 402 of
4 the President's Reorganization Plan Numbered I under
5 authority of the Reorganization Act of 1939, shall continue
6 as an independent establishment of the Federal Government
7 and shall continue to be administered under the direction
8 and supervision of the Federal Loan Administrator in the
9 same manner and to the same extent as if Executive Order
10 9071, dated February 24, 1942, transferring the functions

1 of the Federal Loan Agency to the Department of Commerce,
2 had not been issued.

3 SEC. 2. All powers, functions, and duties of the Depart-
4 ment of Commerce and of the Secretary of Commerce which
5 relate to the Federal Loan Agency (together with the re-
6 spective personnel, records, and property, including office
7 equipment, relating to the exercise of such functions, powers,
8 and duties) are hereby transferred to the Federal Loan
9 Agency to be administered under the direction and super-
10 vision of the Federal Loan Administrator.

11 SEC. 3. The unexpended balance of the funds made
12 available to the Secretary of Commerce by Public Law 365,
13 Seventy-eighth Congress, approved June 28, 1944, for ad-
14 ministrative expenses of supervising loan agencies, shall be
15 transferred to the Federal Loan Agency to be used for the
16 administrative expenses of that Agency.

17 SEC. 4. No functions, powers, or duties shall be trans-
18 ferred from the Federal Loan Agency under the provisions
19 of title I of the First War Powers Act, 1941, or any other
20 law unless the Congress shall otherwise by law provide.

21 SEC. 5. (a) The financial transactions of all Govern-
22 ment corporations shall be audited by the General Account-
23 ing Office in accordance with the principles and procedures
24 applicable to commercial corporate transactions and under
25 such rules and regulations as may be prescribed by the Comp-

1 troller General of the United States. The audit shall be con-
2 ducted at the place or places where the accounts of the
3 respective corporations are normally kept. The representa-
4 tives of the General Accounting Office shall have access to
5 all books, accounts, financial records, reports, files, and all
6 other papers, things, or property belonging to or in use by
7 the respective corporations and necessary to facilitate the
8 audit, and they shall be afforded full facilities for verifying
9 transactions with the balances or securities held by de-
10 positaries, fiscal agents, and custodians. The audit shall
11 begin with the current fiscal year.

12 (b) A report of each such audit for each fiscal year
13 ending on June 30 shall be made by the Comptroller Gen-
14 eral to the Congress not later than January 15 following
15 the close of the fiscal year for which such audit is made.
16 The report shall set forth the scope of the audit of each
17 corporation and shall include a statement (showing inter-
18 corporate relations) of assets and liabilities, capital and
19 surplus, or deficit; a statement of surplus or deficit analysis;
20 a statement of income and expense; and such comments
21 and information as may be deemed necessary to keep Con-
22 gress informed of the operations and financial condition of
23 the several corporations, together with such recommenda-
24 tions with respect thereto as the Comptroller General may
25 deem advisable, including a report of any impairment of

1 capital noted in the audit and recommendations for the
2 return of such Government capital or the payment of such
3 dividends as, in his judgment, should be accomplished. The
4 report shall also show specifically every program, expendi-
5 ture, or other financial transaction or undertaking, which,
6 in the opinion of the Comptroller General, has been carried
7 on or made without authority of law. A copy of each
8 report shall be furnished to the President and to the cor-
9 poration concerned at the time submitted to the Congress.

10 (c) The expenses of auditing the financial transactions
11 of all Government corporations as provided in section 5 (a)
12 of this Act may be paid out of appropriations to the General
13 Accounting Office and appropriations in such sums as may
14 be necessary are hereby authorized for the purpose: *Pro-*
15 *vided*, That by agreement between the General Accounting
16 Office and said corporation the expenses of said audit may
17 be paid from funds of such corporation.

Passed the Senate February 1, 1945.

Attest:

LESLIE L. BIFFLE,

Acting Secretary.

AN ACT

To provide for the effective administration of certain lending agencies of the Federal Government.

FEBRUARY 2, 1945

Referred to the Committee on Banking and Currency

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Feb. 14, 1945

9. PERSONNEL; SELECTIVE SERVICE System submitted a report of registrants deferred as of Dec. 1, 1944, because of their employment in or under the Federal Government. To Military Affairs Committee. (p. 1135.)
10. LOAN AGENCIES. Rules Committee reported without amendment a resolution for the consideration of S. 375, the George Commerce-RFC bill (p. 1136).
11. A.A.A.; TOBACCO. The Congressional Record for Feb. 13 stated that the House Agriculture Committee had reported with amendment H.J. Res. 98, providing for the establishment of national marketing quotas and acreages for fire-cured and dark air-cured tobacco at the 1943-4 level. The committee report states that this measure "is reported without amendment."

BILLS INTRODUCED

12. FOOD PRODUCTION. H.R. 2175, by Rep. Flannagan, Va., to provide for the adequate protection of seed of legumes required in the war food production program. To Agriculture Committee. (p. 1136.)
13. GOVERNMENT CORPORATIONS. H.R. 2177, by Rep. Whittington, Miss., to provide for financial control of Government corporations. To Expenditures in the Executive Departments Committee. (p. 1136.)
14. BANKING AND CURRENCY. H.R. 2178, by Rep. Wolcott, Mich., to provide for the management of the Export-Import Bank of Washington and to amend the First War Powers Act. To Banking and Currency Committee. (p. 1136.)
15. FISHERIES. H. Res. 135, by Rep. Herter, Mass., authorizing an investigation with respect to fisheries of the North Atlantic. To Rules Committee. (p. 1136.)

ITEMS IN APPENDIX

16. FLOOD CONTROL. Speech in the House by Rep. Brooks, La. opposing proposals to take post-war flood control work from the Army Engineers (pp. A667-71).
Speech in the House by Rep. Voorhis, Calif., opposing Rep. Pich's (Pa.) amendment to reduce the appropriation for Mississippi flood control work (pp. A672-3).
17. VETERANS. Speech in the House by Rep. Patman, Tex., announcing the completion of his veterans' handbook (p. A686).
18. FISHERIES. Extension of remarks of Rep. Horen, Wash., including E.W. Allen's article, urging that the three-mile limit law be extended so as to enable countries to protect coastal fisheries (pp. A686-7).
19. INFLATION; LAND SPECULATION. Rep. Flannagan, Va., inserted Gov. Duggan's (FCA) address before the Farm Bureau on farm-land speculation in which he stated that FCA's policy is "one of the strongest influences in checking uncontrolled inflation of land" (p. A673-6).

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COMMITTEE HEARING ANNOUNCEMENTS for Feb. 15: S. Military Affairs, manpower bill (ex.)
S. Agriculture and Forestry, FEA nomination; S. Special Wool Committee (ex.);
H. Agriculture, farm credit; H. Appropriations, deficiency and agricultural bills (ex.).

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OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 28

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 15, 1945, for actions of Wednesday, February 14, 1945)

(For staff of the Department only)

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HOUSE

1. LATIN AMERICA. Discussed H.Res. 37, expressing Congressional approval of action toward establishing an American Interparliamentary Congress (pp. 1110-2).
2. FUR ANIMALS. Merchant Marine and Fisheries Committee was discharged from further consideration of H.R.2115, relating to the domestic raising of fur-bearing animals. This bill was then referred to the Agriculture Committee. (p.1113.)
3. FARMERS' INSURANCE. During debate on S.340, expressing the intent of Congress with regard to the regulation of the insurance business, Rep. Celler, N.Y., inserted a letter from the Farm Bureau urging consideration of several features which are "dangerous from the viewpoint of the many casualty and fire insurance companies affiliated with the Farm Bureau and other farm organizations" (pp. 1115-6).
4. TRANSPORTATION; BANKRUPTCY. Passed without amendment H.R.37, revising procedures in regard to bankruptcy in Sec.77, dealing with railroads, of the Bankruptcy Act (pp. 1123-8).
5. FOOD DISTRIBUTION. Rep. Dickstein, N.Y., criticized the "pampering" of war prisoners and stated that they eat better than we do listing a week's menu in one of the prison camps (p. 1129).
6. NOMINATION. Rep. Patrick, Ga., criticized S.375, the George Commerce-BEC bill and commended Henry A. Wallace's administration of this Department (pp. 1133-4).
7. PRICE CONTROL. Rep. Hook, Mich., commended the mineral and forest production of the people of his State in contributing to the war effort but stated that "wages and family income...have been low even though prices have been as high as they are in better paid sections of the country" (p. 1134).
8. FINANCIAL STATEMENT. Received Treasury's annual report on the state of finances for the fiscal year, 1944 (H.Doc.5). To Ways and Means Committee. (p. 1135.)

Mr. SABATH: Committee on Rules. House Resolution 137. Resolution for the consideration of S. 375, to provide for the effective administration of certain lending agencies of the Federal Government; without amendment (Rept. No. 145). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H. R. 2173. A bill to authorize appropriations for roads and trails and other aids to transportation serving lands and facilities under the jurisdiction of the Office of Indian Affairs in Alaska; to the Committee on Roads.

By Mr. BURGIN:

H. R. 2174. A bill to exclude certain publicly controlled carriers from the definition of "employer" in the Railroad Retirement Act of 1937, the Railroad Unemployment Insurance Act, and section 1532 (a) of the Internal Revenue Code; to the Committee on Interstate and Foreign Commerce.

By Mr. FLANNAGAN:

H. R. 2175. A bill to provide for the adequate protection of seed of legumes required in the war food production program; to the Committee on Agriculture.

By Mr. MAY:

H. R. 2176. A bill authorizing appointments to the United States Military Academy and United States Naval Academy of sons of persons who were killed in action or have died of wounds or injuries received, or disease contracted, while serving in the armed forces of the United States during World War No. 1 or World War No. 2; to the Committee on Military Affairs.

By Mr. WHITTINGTON:

H. R. 2177. A bill to provide for financial control of Government corporations; to the Committee on Expenditures in the Executive Departments.

By Mr. WOLCOTT:

H. R. 2178. A bill to provide for the management of the Export-Import Bank of Washington and to amend the First War Powers Act of 1941; to the Committee on Banking and Currency.

By Mr. BARTLETT:

H. R. 2179. A bill to amend section 7 of the act approved March 3, 1927, entitled "An act to prescribe certain of the qualifications of voters in the Territory of Alaska, and for other purposes"; to the Committee on the Territories.

By Mr. HERTER:

H. R. 2180 (by request). A bill to provide Federal Government aid for the readjustment in civilian life of World War No. 1 and World War No. 2 merchant marine veterans; to the Committee on the Merchant Marine and Fisheries.

By Mr. HOBBS:

H. R. 2181. A bill to fix the salaries of certain judges of the United States; to the Committee on the Judiciary.

By Mr. LEMKE:

H. R. 2182. A bill to provide for promotion of officers on retired list receiving pay of a higher grade and to give retired officers benefits already granted by law to the Navy, Marine Corps, Coast Guard, and Coast and Geodetic Survey; to the Committee on Military Affairs.

By Mr. POWELL:

H. R. 2183. A bill making unlawful the requirement for the payment of a poll tax as a prerequisite to voting in a primary or other election for national officers; to the Committee on the Judiciary.

By Mr. REED of New York:

H. R. 2184. A bill to extend the franking privilege to persons receiving hospital treatment or domiciliary care furnished by the Veterans Administration; to the Committee on the Post Office and Post Roads.

By Mr. RAMEY:

H. J. Res. 102. Joint resolution proposing an amendment to the Constitution relating to the establishment of uniform laws with respect to marriage and divorce; to the Committee on the Judiciary.

By Mr. DIRKSEN:

H. J. Res. 103. Joint resolution establishing a commission to select a site and design for a memorial to the contributions of members of all religious faiths to American military and naval history; to the Committee on the Library.

By Mr. HERTER:

H. Res. 135. Resolution authorizing an investigation with respect to fisheries of the North Atlantic; to the Committee on Rules.

By Mr. RANKIN:

H. Res. 136. Resolution to provide for payment of certain compensation to Robert E. Stripling; to the Committee on Accounts.

MEMORIALS

Under clause 3 of rule XXII a memorial was presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Oregon, memorializing the President and the Congress of the United States to preserve in the post-war military organization, insofar as it relates to the

civilian components of the Army of the United States and specifically to the National Guard, the Officers' Reserve Corps, and the Organized Reserves, the basic principles of the policies laid down in the National Defense Act of 1916, as amended, and in cognate acts, especially the provisions of the Selective Training and Service Act of 1940, relating to the status of the National Guard as an integral part of the first line of defense of the Nation; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BATES of Kentucky:

H. R. 2185. A bill for the relief of Willis Cory; to the Committee on Military Affairs.

By Mr. CELLER:

H. R. 2186. A bill for the relief of the Pennsylvania Coal & Coke Corporation; to the Committee on Claims.

H. R. 2187. A bill for the relief of the Bunge Corporation, the Corporacion Argentina de Productos de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corporation; to the Committee on Claims.

By Mr. DAUGHTON of Virginia:

H. R. 2188. A bill for the relief of George W. Bailey; to the Committee on Claims.

By Mr. ELLIOTT:

H. R. 2189. A bill for the relief of Clifford E. Craig; to the Committee on Claims.

By Mr. GOODWIN:

H. R. 2190. A bill for the relief of Earl M. Fulmer; to the Committee on Claims.

By Mr. HINSHAW:

H. R. 2191. A bill for the relief of Cleo E. Baker; to the Committee on Claims.

H. R. 2192. A bill for the relief of Andre Dacharry; to the Committee on Claims.

By Mr. MUNDT:

H. R. 2193. A bill for the relief of G. Hinders; to the Committee on Claims.

By Mr. TOWE:

H. R. 2194. A bill for the relief of the dependents of Philip M. Perry; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII,

80. Mr. ANDREWS of New York presented a resolution of the County Officers' Association of the State of New York, regarding proposed amendment to the Securities & Exchange Act of 1934, House bill 693, which was referred to the Committee on Interstate and Foreign Commerce.

Mr. Speaker, I think one of the things confronting us today is the question of the Little Steel formula. I think it bears a relationship to the very things I am talking about. I think the Little Steel formula should be revised at this time so we may be able to have consumers and customers buy and produce. How in the world are we going to get the 60,000,000 jobs which are necessary to have prosperity after this war unless we have consumer purchasing power and consumption to such an extent as to provide for those 60,000,000 jobs.

The newspaper article referred to is as follows:

[From the Shipyard Worker of February 12, 1945]

WHAT I READ IN THE PAPERS

Sometimes, it seems, a fellow is better off if he doesn't read the papers.

I read them when I can, and then I go out and tell people what's so and what isn't. I think I know, because it's in the paper. And then, like as not, some fellow who didn't read it comes out and shows that the things I thought were so, really aren't after all.

That's what happened to me in connection with some speeches which I read recently. One was a speech made by C. E. Wilson, president of General Motors. It was about the kind of a country we are going to have when the war is over. It told what business had to do to make it possible for everybody who wants one to have a job so that everybody can have food and clothing and the other necessities of life.

Wilson told the people who were listening to his speech that industry doesn't make jobs. Jobs, he said, are made by customers. If you want people to have jobs, you've got to give people enough money so that they are willing and able to buy what the workers in the plants can produce.

ENCOURAGED BY FORESIGHT

That makes sense, as far as I'm concerned, and I was vastly encouraged about the post-war because here was a responsible business leader, head of one of the largest businesses in the world, agreeing with what labor leaders have been saying for more years than I can remember.

I felt even more encouraged when I came across a speech by another Wilson, this one head of General Electric, and he was saying pretty much the same thing. He was talking about wages and prices, and how we are going to get the customers that G. M.'s Wilson said we need for jobs and prosperity.

And G. E.'s Wilson said, "We are putting aside all ideas of a limited two-cylinder production and placing it in volume and wide distribution. In 1920 some \$15,000,000,000 in income was shut off with the closing of plants and reductions in working hours. There were 100,000 bankruptcies and a 44-percent drop in industrial pay rolls. That must not happen again. It can happen again during the post-war period of readjustment unless there is a strong effort upon the part of every business to hold down its prices, utilize its productive efficiency, cut its extravagant distribution costs, and maintain its workers' incomes."

After reading this one, I really felt good. Evidently, so did a lot of consumer and labor leaders who reprinted the speech.

THEN ENTERS JUSTICE DEPARTMENT

But then along came some people from the Department of Justice. They hadn't read the speeches, so they didn't know that business was now going to be so organized that we were all going to work at high pay and buy at low prices so that everybody could have a job.

Maybe they hadn't read the speeches because they were too busy looking to see what

these fellows were actually doing about prices and production in the post-war world. And a good thing, too, for what they found isn't what the speeches mean at all.

As far as Mr. Wilson's G. E. is concerned, they found that his corporation was getting ready to renew a lot of cartel agreements which it had made in the days before the war. These agreements would again have meant high prices on a lot of very important electrical appliances. They would have kept a lot of companies which wanted to make these appliances out of the manufacturing business.

By admission of a high official of the International General Electric Corporation, the agreements are frankly intended to keep low-priced competitors out of G. E.'s markets so that G. E. may keep its prices higher than competition would permit.

CAUGHT IN WEB OF PATENTS

The people who are looking to new industries to provide business and jobs ought to be interested in the fear of the Department of Justice that the fluorescent light industry is already becoming caught in the web of patents, agreements, and licenses which gave General Electric control over the lamp business. In the past, these agreements have been used to keep prices up, and new, competing commodities out. The Department is afraid that the same treatment is going to be given to this new and better type of lighting.

The antitrust suit is being brought at this time because the Department is afraid that, if the agreements are allowed to stay in force, they will again be applied to those countries which are now at war with us, as soon as peace is declared.

I'm not quite sure what the moral of this story is, but I do know that the next time I read a speech or a newspaper story about some big-shot corporation head being for low prices and high wages, I'm going to go easy on telling people the battle for prosperity is all over. I'm going to look first to see if this is one of the boys who has always been addicted to low employment and high prices and profits, as both General Electric's and General Motor's Wilsons have been.

If it is one of those boys speaking, I'm going to hide the story under the mattress at home while I go out and talk to the Department of Justice or to somebody else who's likely to really know the score. When I can find one of these hard-headed investigators who is willing to say that prices are actually going to be held down while wages go up—then, and not until then, will I believe what the speeches say.

PATMAN HANDBOOK FOR VETERANS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[Mr. PATMAN addressed the House. His remarks appear in the Appendix of today's RECORD.]

ENROLLED BILL SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 1808. An act to grant to the Hawaiian Electric Co., Ltd., the right to construct certain ditches, tunnels, and oil pipe lines in Pearl Harbor, T. H.

ADJOURNMENT

Mr. DICKSTEIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 36 minutes p. m.) the House adjourned until tomorrow, Thursday, February 15, 1945, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, February 15, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 o'clock a. m., Thursday, February 15, 1945, to resume hearings on H. R. 1362, railroad retirement bill.

COMMITTEE ON PENSIONS

(Thursday, February 15, 1945)

There will be a meeting of the Committee on Pensions at 11 a. m., Thursday, February 15, 1945, for organization purposes.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, February 20, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 o'clock a. m., Tuesday, February 20, 1945, to begin public hearings on H. R. 693—a bill to clarify the application of the Securities Exchange Act of 1934 to exempted securities, and for other purposes.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

NOTICE OF POSTPONEMENT OF HEARINGS

The hearings on H. R. 1425, the post-war ship-disposal bill, scheduled to begin on Thursday, February 15, 1945, have been postponed until Thursday, March 1, 1945, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

211. A letter from the Secretary of the Treasury, transmitting the annual report on the state of the finances for the fiscal year ended June 30, 1944 (H. Doc. No. 5); to the Committee on Ways and Means and ordered to be printed.

212. A letter from the Acting Secretary of the Interior, transmitting a draft of a proposed bill to authorize the Secretary of the Interior to adjust debts of individual Indians, associations of Indians, or Indian tribes, and for other purposes; to the Committee on Indian Affairs.

213. A letter from the Secretary, National Park Trust Fund Board, National Park Service, transmitting a statement showing the financial status of the National Park Trust Fund as of June 30, 1944; to the Committee on the Public Lands.

214. A letter from the Director, Selective Service System, transmitting a report of the Selective Service registrants deferred as of December 1, 1944, because of their employment in or under the Federal Government; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

CONSIDERATION OF S. 375

FEBRUARY 14, 1945.—Referred to the House Calendar and ordered to be printed

Mr. SABATH, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 137]

The Committee on Rules, having had under consideration House Resolution 137, report the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 43

79TH CONGRESS
1ST SESSION

H. RES. 137

[Report No. 145]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 1945

Mr. SABATH, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself
3 into the Committee of the Whole House on the state of
4 the Union for consideration of the bill (S. 375) to provide
5 for the effective administration of certain lending agencies
6 of the Federal Government, and all points of order against
7 said bill are hereby waived. That after general debate,
8 which shall be confined to the bill and continue not to ex-
9 ceed four hours, to be equally divided and controlled by the
10 chairman and ranking minority member of the Committee
11 on Banking and Currency, the bill shall be read for amend-
12 ment under the five-minute rule. At the conclusion of the

1 consideration of the bill for amendment the Committee shall
2 rise and report the bill to the House with such amendments
3 as may have been adopted and the previous question shall
4 be considered as ordered on the bill and amendments thereto
5 to final passage without intervening motion except one
6 motion to recommit.

House Calendar No. 43

79TH CONGRESS
1ST SESSION

H. RES. 137

[Report No. 145]

RESOLUTION

Providing for the consideration of S. 375 to
provide for the effective administration of
certain lending agencies of the Federal
Government.

By Mr. SABATH

FEBRUARY 14, 1945

Referred to the House Calendar and ordered to be
printed

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 29

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 16, 1945, for actions of Thursday, February 15, 1945)

(For staff of the Department only)

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HOUSE

1. LOAN AGENCIES. Regen debate on S.375, the George Commerce-RFC bill, after agreeing, 202-192, to the resolution providing for its consideration (pp. 1173-95). Rep. Whittington, Miss., discussed this Department's part in the establishment of the Export-Import Bank (pp. 1189-90). Rep. Spence, Ky., discussed the provision for audit of Government corporations, and stated, "I think the bill is intended to refer only to wholly Government-owned corporations. I think an amendment providing for audit of agencies 'owned or controlled' by the Federal Government would be exceedingly difficult of construction" (pp. 1179-80).
2. LAW REVISION. Revision of Laws Committee reported without amendment bills to codify and enact into positive law the following titles of the U.S. Code: Title 1, General Provisions (H.R. 2195); Title 4, Flag and Seal, Seat of Government, and the States (H.R. 2196); Title 6, Official and Penal Bonds (H. R. 2197); Title 9, Arbitration (H.R. 2198); Title 17, Copyrights (H.R. 2199); and Title 18, Crimes and Criminal Procedure (H.R. 2200) (H.Repts. 147-52, respectively)(p. 1196).
3. RECLAMATION. Irrigation and Reclamation Committee reported without amendment H.R.1534, to amend the Fact Finders Act (H.Rept. 153)(pp.1196-7).

SENATE

4. CORN PRODUCTION; FARM LABOR. Sen. Wherry, Nebr., urged that "we do everything we can to see that the corn on the farms...is cribbed," and inserted a news release, "Campaign Opens to Save Wet Corn Worth One Hundred Million. Third of Crop to Spoil Soon if Uncribbed" (p. 1145).
5. FORESTRY. Sen. Magnuson, Wash., inserted his letter to Rep. Tarver favoring the establishment of a forest-products utilization service in the Pacific Northwest (pp. 1139-40).

6. PETITIONS. Received petitions and resolutions favoring continuance of the Small Business Committee, ratification of the U.S.-Mexican Water Treaty, enactment of the McCarren-Sumners administrative-procedure bill, and allocation of larger quotas of farm machinery (pp. 1141-2).
7. NATIONAL SERVICE. Sen. Austin, Vt., inserted his National Republican Dinner address in which he spoke favoring national service legislation (pp. 1138-9).
8. COMMITTEE ASSIGNMENTS. Sen. Magnuson, Wash., was appointed to the Territories and Insular Affairs Committee, vice Sen. Mitchell, Wash., and Sen. Mitchell was appointed to the Irrigation and Reclamation Committee, vice Sen. Magnuson (p. 1140).
9. MINERALS. Sen. McFarland, Ariz., urged favorable consideration for his bill S. 502; to permit extension of premium payments on strategic and critical metals and minerals and petroleum and petroleum products (p. 1149).
10. CENSUS OF AGRICULTURE. Appropriations Committee reported without amendment H.J. Res. 85; appropriating \$6,784,000 additional for the census of agriculture for the fiscal year 1945 (S.Rept. 49) (p. 1142).
11. TRANSPORTATION. Interstate Commerce Committee reported without amendment S. 47, making miscellaneous amendments to the Interstate Commerce Act (S.Rept. 52) (p. 1142).
12. FINANCIAL STATEMENT. Received Treasury's annual report on the state of finances for the fiscal year 1944. To Finance Committee. (pp. 1140).
13. PERSONNEL; SELECTIVE SERVICE System submitted a report of registrants deferred as of Dec. 1, 1944, because of Federal employment. To Military Affairs Committee. (p. 1140).
14. ADJOURNED until Mon., Feb. 19 (p. 1171).

BILLS INTRODUCED

15. MISSOURI VALLEY AUTHORITY. H.R. 2203, by Rep. Cochran, Mo., & S. 555, by Sen. Murray, Mo., establish a Missouri Valley Authority to provide for unified water control and resource development in the interest of flood control and prevention, etc. Sen. Murray discussed his bill and urged enactment of such legislation, stating "This bill should be referred to the Agriculture and Forestry Committee...I want the bill to go to a committee which will give it fair and full hearing and consideration...not...to a committee which has preconceived ideas" To the House Rivers and Harbors Committee and the Senate Commerce Committee. (pp. 1197 and 1150-6).
16. PERSONNEL. S. 533, by Sen. Myers, Pa., to create civil service boards of appeals. To Civil Service Committee. (p. 1142.)
17. WATER POLLUTION. S. 535, by Rep. Myers, Pa., to prevent pollution of U. S. waters and to correct existing water pollution as a vital necessity to public health, economic welfare, healthful recreation, navigation, the support of invaluable aquatic life, and as a logical and desirable post-war public-works program. To Commerce Committee (p. 1142.)
18. FLAG. S. 539, by Sen. Andrews, Fla., to prevent desecration and mutilation of the U. S. flag. To Judiciary Committee. (p. 1142.)

Mr. BENNETT of Missouri. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Tennessee [Mr. JENNINGS] may be permitted to insert in the Appendix of the RECORD an article published in the Chattanooga News-Free Press on February 13.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include some short excerpts from public auction notices and from letters.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. PATMAN asked and was given permission to extend his own remarks in the RECORD on two subjects and include certain excerpts.

CALL OF THE HOUSE

Mr. LANE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 20]		
Biemiller	Harness, Ind.	O'Brien, Mich.
Bolton	Havener	O'Hara
Boren	Hébert	Philbin
Bradley, Mich.	Heldinger	Reece, Tenn.
Colmer	Johnson	Schwabe, Okla.
Curley	Lyndon B.	Short
Dawson	Judd	Simpson, Pa.
De Lacy	Kerr	Sumner, Ill.
Eaton	Kilday	Thomas, Tex.
Elliott	King	Vursell
Ervin	LaFollette	Wasielowski
Fuller	Landis	Weaver
Gardner	McMillan, S. C.	White
Hare	Morrison	Winter

The SPEAKER. Three hundred and ninety-one Members have answered to their names, a quorum.

On motion of Mr. McCORMACK, further proceedings under the call were dispensed with.

ADMINISTRATION OF CERTAIN LENDING AGENCIES

Mr. SABATH. Mr. Speaker, I call up House Resolution 137 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill

and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I would appreciate it if the Speaker will notify me after I have used 10 minutes, because I have promised time to other Members on the rule.

Mr. Speaker, this resolution or rule makes in order the bill S. 375, which has been unanimously reported by the House Banking and Currency Committee. It is not a gag rule nor is it a closed rule. It provides for 4 hours of general debate after which the bill will be read for amendment under the 5-minute rule and any germane amendment will be in order, even the proposed amendment of the gentleman from Michigan [Mr. Wolcott], which would separate the ex-Secretary of Agriculture and ex-Vice President of the United States from membership on the Export-Import Bank. Though the amendment might be held in order I feel it should not be agreed to because I consider it a spite amendment which would add insult to injury to a great American citizen.

Mr. Speaker, a great deal has been said to the effect that the Secretary of Commerce, when named, will have certain powers as a director or as ex-officio member of the bank. The Committee on Rules before acting called Mr. Leo Crowley, President of the Export-Import Bank, who made it clear that notwithstanding the fact that originally the Secretary of Commerce and the Secretary of State had been requested by the President to incorporate this bank, he—Mr. Crowley—now is chairman and holds all of the common stock and has jurisdiction to name the directors or trustees; therefore the argument generally made that Mr. Wallace may control that bank is not well founded. I believe that in Mr. Crowley the Government has a splendid man, one who has demonstrated his fitness. Of course, this also applies to the ex-Vice President of the United States who has served this country with distinction not only as Secretary of Agriculture but also as Vice President and he has performed certain important functions for the country that were of great benefit to the United States; therefore the objection that has been raised to him as a member of the board I say is unfair and not justified, especially in view of the testimony of Mr. Crowley who has complete jurisdiction. In all fairness, I state, Mr. Speaker, that I feel the amendment which will be offered by the gentleman from Michigan is not entitled in fairness or justice to consideration and should be defeated.

I realize that there are some people who are opposed to ex-Vice President Wallace

for any position but I cannot understand why. Is he dishonest? Is he not able? Has he not performed his duties splendidly and in the interest of our country? Oh, I surmise that some of these cartels and some of the representatives of the big institutions feel they may not be able to control him. Perhaps they will not, because he is a man who believes in justice and fairness; a man who will give the common people an opportunity to live and to exist decently. So I feel we should not add insult to injury and adopt the amendment that will be offered.

Of course, I am reminded that a similar political movement was undertaken many years ago, even longer than I can remember and longer than I have been a Member of this House. You may remember that President Jackson appointed Van Buren Minister to Great Britain, and the Senate refused to confirm him, but within a few short years Van Buren became the President of the United States. Perhaps your unfair activities here will bring about a similar condition and history may repeat itself.

I do not know, and I cannot understand why some of the outstanding interests and reactionaries should be opposed to the New Deal. Is it not a fact that the New Deal brought greater prosperity to our country than any one ever dreamed of? Is it not a fact that the New Deal inherited a bankrupt country, when all the insurance companies were insolvent, and the banks were bankrupt, and that the only business that was flourishing were the undertakers because of the suicides that were taking place day in and day out?

We are today the most prosperous country in the world. Our people have over 100 billion dollars in bank deposits. Our income is over 168 billion dollars as compared to 42 billion dollars in 1932, or four times as great when the New Deal came in. Big business has reserves and surpluses of over 100 billion dollars. Forty corporations in the United States now have an annual income of 88 billion dollars, twice as much as the national income under the Hoover administration in 1932. Our exports up to 1943 have increased 3 billion dollars. Our people are earning more money than ever before. No one can deny that every section of our country is enjoying greater prosperity than ever before, and especially the States of Virginia, Georgia, and Mississippi have enjoyed greater benefits under this New Deal administration than nearly any other State in the United States. Therefore, there must be another reason for the opposition. I am constrained to say that it must be because of prejudice against progressive and liberal policies as I actually do not believe that some of the Democratic Members who oppose administration-sponsored legislation or legislation in the interest of the common people are deliberately or willfully aiding the Republican Party who, in the present instance, notwithstanding that ten of the Republican members of the Committee on Banking and Currency

voted unanimously in committee for the reporting out of the bill, have commanded that they pursue the unfair course they are now following.

Mr. Speaker, years ago we who voted for relief legislation to reestablish business and to provide for employment to relieve the lot of the farmers and laboring people were labeled as "rubber stamp" Congressmen. I say to the reactionary Democratic Members opposing this bill to examine the vote that will be cast by the Republican Members and they will find that they have voted to a man against the rule as well as against the bill. Until final action is taken on the bill, they will continue to use every parliamentary procedure and to pursue every dilatory tactic to defeat the bill in order that the Republican press may again point out in large headline articles to a Republican-Democratic coalition of opposition to this measure. But, Mr. Speaker, unless I am greatly mistaken, I feel that the good people of those States will not approve—yes, will resent—their representatives giving aid and comfort to their enemies.

Oh, I appreciate that some of you Republicans do not like to hear these facts. You never want to be reminded of the condition under Hoover, and you do not like to see or hear what has been done for the country by the New Deal under the leadership of the greatest President in the history of our country, Franklin D. Roosevelt, a man whom the world recognizes and acclaims the greatest statesman in the history of our country. Instead of making it easier and cooperating with him during these trying days, you are endeavoring to make his tasks still more difficult.

Mr. Speaker, the gentleman from Michigan stated before our committee that the President by appointing Mr. Wallace is again veering to the left. We did not hear a peep from him or other Republicans when he appointed Mr. Stettinius, Mr. Clayton, and other of his assistants. One does not have to stretch his imagination to realize that the amendment will be offered purely for political reasons. It should be defeated and I appeal to every honest, sincere Member who believes in justice, righteousness, and fair play not to be prevailed upon by the opposition to vote for this amendment. It is my hope that there will be very few gentlemen on our side who will be led astray by this clever, shrewd Republican maneuver. I urge the membership to read section 4 of the bill which plainly sets forth:

No functions, powers, or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941, or any other law unless the Congress shall otherwise by law provide.

I know that the membership will agree with me that the effect of this section makes unnecessary the consideration or adoption of the proposed amendment by the gentleman from Michigan with respect to the transfer of the Export-Import Bank.

Mr. Speaker, these are troublous times and the burdens of office weigh heavily upon the shoulders of our President and

Commander in Chief. He has most graciously, in the interest of harmonious action in this critical period of war, agreed to the proposed legislation in its present form. I feel that the membership, regardless on what side they may be, have been impressed and are pleased and gratified with his achievements and accomplishments and we owe it to ourselves to lessen his burdens and to cooperate in eliminating as many annoyances in order that he may continue to devote his great ability, courage, and statesmanship in bringing about an early ending to this horrible war and a lasting peace, happiness, and contentment to the suffering people the world over and, last but not least, the reuniting of our brave and courageous boys with their wives, families, and loved ones.

I now yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], the ranking minority member of the Committee on Rules.

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the best evidence that the distinguished chairman of the Committee on Rules does not have a very good position in this matter is the fact that he has just completed a political address. I will leave that part about the greatness of the New Deal to the people of America, especially future generations, your children and my children, who will have to pay this \$300,000,000,000 of debt.

Mr. Speaker, as the chairman has stated, this is an open rule. It provides for 4 hours of general debate. Any amendments that are germane to the bill will be permitted.

I dislike to be opposed to any rule. Since I have been on the Committee on Rules I have tried to go along with the majority of the members of the committee. The best evidence of that is that only a few days ago we passed seven rules here without a roll call. Whenever the gentleman from Georgia [Mr. VINSON], the chairman of the Committee on Naval Affairs, or the gentleman from Texas [Mr. MANSFIELD], or others like them come before the Committee on Rules they explain the purposes, the designs, and the intentions of the bills concerning which they seek rules, and we do not have any trouble in letting the bills go through the Committee on Rules and passing them on the floor of the House without even a record vote.

What is the history of this bill, Mr. Speaker? Some time back the President of the United States wrote probably the most unjustifiable letter ever written in the history of this Nation by any President. He demanded the resignation of a faithful servant, Jesse Jones, a conservative and able man, as the political pay-off for someone who did some political work during the last campaign. He wanted to replace Jesse Jones with Mr. Wallace.

The chairman of the Committee on Rules has just stated that Mr. Wallace is a very able man. We know that he served as presiding officer of the United

States Senate for 4 years. He associated with his colleagues in the Senate, and after that association still, but a week or two ago, his own colleagues, a majority of his own party, overwhelmingly said he is not capable, that he is not able to perform the duties connected with running the many loan agencies. They passed this Senate bill by a vote, I believe, of 74 to 12, denying him custodianship over these various agencies.

However, they forgot to take out one very important agency, the Export-Import Bank. I thought when they failed to do that, our Committee on Banking and Currency would of course consider this bill and bring in witnesses as they do in regard to every other bill, but instead they came before the Committee on Rules without any hearings. A few amendments were offered and withdrawn or voted down.

Then some unexplainable things happened before the Committee on Rules. It is true we had Mr. Crowley before our committee yesterday. He said he had authority to administer, to appoint the board of directors, that he had control of the stock. I quote him:

I have made changes in the trustees from time to time. I have appointed men within the organization of the Export-Import Bank. I have appointed different ones from the State Department at various times, and the personnel has shifted from time to time. I have nominated different people from time to time. That is under my control, and I have the right to nominate anyone I want. There is nothing in the law that says I must appoint anyone at any particular time.

The Export-Import Bank was created by Executive order. Last year when Mr. Jones and Mr. Wallace were having trouble, the President through Executive order appointed Mr. Crowley to administer these many powers. If the President of the United States had the right then to appoint Mr. Crowley to have all these powers, he could rescind that order and write another Executive order giving Mr. Wallace all the powers that Mr. Crowley has at the present time. I believe and I hope that this body will vote down this rule. If not, I hope that you will vote to recommit this bill.

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, this resolution comes here under rather extraordinary circumstances. While a majority of the Rules Committee is opposed to this rule, the committee did not feel it could withhold from the House the privilege of determining whether it wanted to consider the bill or not. The committee is opposed, two to one, to Mr. Wallace becoming Secretary of Commerce under any circumstances. They do not believe that the coat worn by Mr. Jones can be cut down to button-hole size without destroying the entire garment. When the distinguished chairman of the Committee on Banking and Currency came before the Committee on Rules he stated that this bill should be handled as ordinary legislation and made to stand or fall upon its own merits. With that statement the Committee on Rules was in complete

accord. While the committee had no desire or disposition to go behind the report of the Committee on Banking and Currency, but when the disclosure was made that the committee had held no hearings on the bill, the question arose naturally in the minds of the members of the Committee on Rules if the measure was being handled as ordinary legislation and if democratic procedure was being followed. The question that most disturbed the Committee on Rules was as to how to report this rule so that the House would have free opportunity to work its will on the measure. When the so-called Wolcott amendment was reduced to writing it was found to be major legislation within itself and the Committee on Rules could not within the limits of propriety report a rule making that amendment in order.

Now the impracticals, the pinks, the Reds, and the what nots who are clamoring for the naming of Mr. Wallace as Secretary of Commerce, are not in position to accuse those who differ from them with acting upon prejudice without at the same time confessing the complete unfitness of Mr. Wallace for the place, for the adoption of the George bill was a vote of lack of confidence in Mr. Wallace, and also without at the same time confessing that the action of the Committee on Banking and Currency reporting this bill 27 to 0 was likewise a vote of lack of confidence. No Member who votes for the bill can be accused of acting from prejudice because they will have done no more than the Senate and the Committee on Banking and Currency in that their vote was one of lack of confidence.

Nobody has any desire to stand in the way of Mr. Wallace being rewarded for anything he may have done in the past, but there are those who feel that to put upon him the load that Jesse Jones has been carrying, would break his back; that any engine that is all whistle pulls few cars.

I am not hostile to Mr. Wallace. I think he has many fine traits. I do not contend, as some, that he lives in the clouds, seldom planting his feet upon solid ground, but I do know, or I think I know, along with all common-sense people of this country that this thought of bringing into existence here on earth a Utopia where nobody works but father and he would not work all day, is sheer nonsense. Rivers flowing with milk and honey and streets paved with gold are not to be found this side of heaven.

I want to say to you, my friends, this measure comes to us under extraordinary circumstances. To discuss it entirely free of persons connected thereby, is an impossibility. If you do not want Mr. Wallace as Secretary of Commerce, with all his fantastic dreams and his global schemes and fables of the sky, then you have that opportunity to say by voting down this rule. This is the time for realistic behavior on the part of the people's representatives. It is not mistakes of the past which should trouble us but the dangers that lie ahead that should challenge our deepest concern. If Mr. Wallace has not the qualifications to fill the Cabinet post of Secretary of Commerce as everyone admits,

then why become a party to arrangements made whereby such a public calamity might become possible?

Mr. Speaker, I yield back the remainder of my time.

The SPEAKER. The gentleman from Georgia yields back 3 minutes.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. BROWN].

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I voted against this rule in the committee and expect to vote against it on the floor, for two reasons. First, that while the rule is an open rule, in actuality it prevents the House of Representatives from considering three important amendments to the bill submitted in the Committee on Banking and Currency, and in that way will prevent the House expressing its will on three real and important issues.

Second, I oppose this rule because I feel that due legislative processes were not followed by the Committee on Banking and Currency in the consideration of this measure. The information I was able to obtain in the Rules Committee shows that the Committee on Banking and Currency spent less than 1 hour in considering this legislation—that it went into executive session and voted not to hold hearings, considered six or seven amendments, rejected them, and adjourned, all in less than 1 hour.

I believe, therefore, that by voting this rule down we may obtain the desired result, to wit, either a new or different rule which will permit the House to work its will, or to have the Banking and Currency Committee take back the measure, hold hearings on it, and consider the bill in the usual legislative way.

I hope the House will vote down this rule.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I beg the gentleman's pardon; I have only 2 minutes.

By voting down the rule we will maintain and secure the right of this body to pass upon all amendments which have been suggested to this legislation.

The SPEAKER. The time of the gentleman from Ohio has expired.

GENERAL LEAVE TO EXTEND

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent that all Members may have 3 legislative days in which to extend their remarks under the rule.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ADMINISTRATION OF CERTAIN LENDING AGENCIES

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, probably because of great congressional confidence in Jesse Jones, we permitted a system to grow up under which the great lending agencies of the Government came under the control of the Secretary

of Commerce. This was bad practice. It needs to be corrected.

The country is looking to the Congress to reassume its proper responsibilities. We must by proper legislation bring about that measure of control and direction of our lending agencies which will assure the protection of the best interests of our people.

Of course, the removal of Jesse Jones and the nomination of Henry Wallace to be Secretary of Commerce has brought the Congress and the country to a sudden realization of the need for action. Probably an exception should be made of certain of the radical supporters of Mr. Wallace who first violently opposed this bill or anything like it, only to insist now that we pass it without dotting an "i" or crossing a "t" since they seem to believe that, without the passage of this legislation, Wallace cannot be confirmed.

At any event, the Senate postponed consideration of the Wallace appointment and passed this bill.

The question now is, Shall we adopt this rule and consider this bill? My answer is that we should defeat this rule and here is why.

This bill seeks to separate the lending agencies from the Secretary of Commerce. It is an important bill. And yet, the Banking and Currency Committee refused to hold hearings, refused amendments which should very properly be a part of this bill, and railroaded the bill through.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to my chairman.

Mr. SABATH. Is it not a fact that the committee stated there was no demand for hearings?

Mr. HALLECK. No; the testimony before the Rules Committee was that certain of the members of that committee insisted vigorously on the necessity for hearings and wanted to have hearings.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield briefly.

Mr. BARRY. As the gentleman knows, I have no particular enthusiasm for Mr. Wallace, but I cannot understand how 1 director out of 11 on the Export-Import Bank is very important one way or the other; and if we amend the bill to prohibit the Secretary of Commerce becoming a director it will convey to the people of the country that we have stripped the Secretary's Office of some important function.

Mr. HALLECK. Mr. Speaker, I cannot yield further. If the gentleman will listen to what I have to say he will get the answer, and everyone else will get the answer.

I respect and admire the very able chairman of that committee, but as to lack of consideration, attention to, and an understanding of this bill, he stated at the outset before the Rules Committee that he did not know what other lending powers or agencies might be left in the Secretary of Commerce by this bill.

Now, if we are separating the lending agencies, a careful, considered, and complete job should be done. There is no

reason to proceed piecemeal. The Export-Import Bank is one of the great lending agencies. It promises to become greater. It is now controlled by the Foreign Economic Administrator by virtue of his ownership of the common stock of the corporation transferred to him by Executive order at the time of the Jones-Wallace difficulty a year or so ago. If the gentleman from New York will bear with me now, may I say that in the first place the set-up of the bank is bad. It should be controlled by an independent board. But that is not all. Unless we do something about it, we may have another Executive order transferring the stock of the bank to the Secretary of Commerce.

★ The SPEAKER. The time of the gentleman has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. HALLECK. Mr. Speaker, we might then find our taxpayers' money being used to pay that milk bill all over the world.

The point I want to make is, that certainly this is the time and the place to put the Export-Import Bank on a sound, continuing, commercial basis, subject to a measure of congressional control and direction. That the Banking and Currency Committee refused to do. It even refused to fairly consider it.

Mr. Speaker, there are other matters that should be considered and acted upon if we are to do a full and complete job with this bill. That is the reason why I moved in the Rules Committee to delay action until next Wednesday and that without success. Likewise did I make a futile attempt to so frame the rule that the amendment of the gentleman from Michigan [Mr. Wolcott] be made in order in the consideration of this bill.

Mr. Speaker, as I see it the only thing for the House to do is to vote down this rule. Let the Banking and Currency Committee give this important matter careful and full consideration and then bring in a bill which will accomplish that which we should accomplish. Voting down this rule will not kill the bill. It will simply assure that we can do the job that we ought to do.

The minority members of the Banking and Currency Committee can speak for themselves, but I suspect that when they were rebuffed on all sides in their efforts to get hearings and amendments, and the issue arose as to whether to vote for some such bill separating some of the lending agencies or not to vote for it, they were motivated by many of the impulses that motivate a lot of us in our consideration of this matter. We want legislation but we want it to do the job that should be done.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Kentucky.

Mr. SPENCE. I was asked the question when I appeared before the Rules Committee whether there were any lending agencies in the Department of Commerce and I said at that time I did not think there were. I have since made an investigation and I find there are no other lending agencies in the Depart-

ment of Commerce. There are in the Reconstruction Finance Corporation.

Mr. HALLECK. It occurs to me, and I say this in all humility, that if that great committee, leading us in the House of Representatives, carrying the initial and primary responsibility for the determination, brought before the Rules Committee a measure, the extent of which they did not know, certainly that indicates we ought to vote this rule down and give them a chance to go over it and do what ought to be done.

The SPEAKER. The time of the gentleman has expired.

Mr. SABATH. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. SLAUGHTER].

Mr. SLAUGHTER. Mr. Speaker, the President of the United States on Monday of this week sent a most able and scholarly message to this body in which he outlined the chaos that is going to confront Europe and the rest of this world when the present war is over. In great detail he outlined, very ably, the steps that will be necessary to make possible the foreign trade of this country and to provide the foreign credit that will be necessary to permit the world, this damaged and devastated world, to get back on its feet.

I intend to vote for these measures that will be recommended by the President at the proper time, provided that I, as an individual Member, feel deep down in my own heart that the man or men who will administer these almost unbelievable billions of dollars in the rehabilitation of this world see with a clear eye. I say further that it is perfectly obvious to anyone that if this program of the President, which he so carefully outlined on Monday of this week, is to be carried out, it will be carried out to a large extent by the Export-Import Bank, which must make these credits available. Yet I say, and I dare anybody to challenge this statement, that up until 4 o'clock yesterday afternoon there was not one Member of this body of 435 men and women who could tell you what the Export-Import Bank has been doing, how it is functioning, or how Mr. Crowley comes by his present authority.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman 2 additional minutes.

Mr. SLAUGHTER. I do know this, that the Committee on Banking and Currency could not give us that information. The gentleman from Georgia [Mr. BROWN], gave us a statement of what he understood the situation to be which, of course, was entirely hearsay. I know that the gentleman from Michigan [Mr. Wolcott], gave us a somewhat different statement, and I know that we were compelled to sit in session all day yesterday, and it was only at 4 o'clock in the afternoon that we got a true story of this important bank, this important agency, which will be used under the President's plan to administer this money.

I say that on the basis of the record—and I do not say it critically of the Committee on Banking and Currency—they are handling big things; they have to;

but I do say that on the record, on the lack of information that they were able to give us, this bill has been hastily considered, the rule has been precipitously adopted. It was adopted for one purpose, and that was so that the House could not say that the Committee on Rules is trying to bottle up legislation.

Mr. Speaker, I urge that the rule be voted down and that the Committee on Banking and Currency be authorized and directed to continue its study.

Mr. SABATH. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I am very much surprised to listen to the remarks of my friend, the gentleman from Missouri, who just preceded me. If I interpret what he said correctly, he says even if the President of the United States recommended legislation that he favored and thought was necessary for the best interest of our country, that he would vote against it unless he personally felt that some individual was administering the law satisfactorily to him. That is a rather broad position to take.

This bill is before us to undo something that we did. The responsibility for the situation that exists rests upon the Congress of the United States. It is our responsibility because we brought that condition about by legislation that passed this body and passed the other body. I am frank in stating it should never have been done.

The present bill has, as its purpose and objective, undoing that which we did before and which we should not have done. Mixing the appointment of Mr. Wallace with the passage of this bill is unsound thinking, in my opinion. So far as most of my friends on the left are concerned, you and I know that it is politics, unadulterated politics, that prompts them to do that. The proper thing for us to do is to pass this bill and undo the harm that we have already done.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the distinguished minority leader.

Mr. MARTIN of Massachusetts. May I ask if the gentleman feels upon reflection that this opposition is entirely politics?

Mr. McCORMACK. The effort, so far as voting down this rule is concerned, and so far as the Republican Party is concerned, and the great majority who will vote against ordering the previous question, I repeat, is unadulterated politics.

The House Committee on Banking and Currency has gone along in the regular procedure. There is nothing unusual about a committee of the House not holding hearings, particularly when hearings were held in the other body. We know that. The committee met and all the amendments were considered.

The rule before us is an open rule, not a closed rule. It is a rule that comes in in accordance with the established rules of the House. Those who oppose this rule want to go further. The chairman of every committee ought to be interested in preserving the open rule. If this

happens with reference to every committee that reports out a bill, then it will lead to legislative chaos.

The rules of this House were established as the result of over 150 years of experience in this body, those who preceded us in this body, and you and I here today. This is an open rule, the most complete rule for legislative consideration.

Speaking for the majority leadership of this House on this bill, I urge that the previous question be ordered and that the rule be adopted.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the remainder of my time to the gentleman from Michigan [Mr. Wolcott].

Mr. WOLCOTT. Mr. Speaker, up to the present time this matter has not been considered without rancor. I hope the House today, however, will decide this matter on the very broad issue of whether the Congress desires to exercise its constitutional duty and become again an integral part of the Government of the United States.

It is unfortunate that a personality enters into this debate, because there are issues involved transcending any personality, any group, or any political faction.

I speak today not only for myself but I know for many on both sides of this aisle who have exhibited a great deal of concern in respect to the trend which America is taking, the trend toward socialism, the trend toward fascism or nazi-ism or communism or some other kind of ism. There is a decided trend in America today toward some form of collectivism, with its attendant abuses and destruction of the American way of life.

All we ask is that this House in accordance with democratic processes be given an opportunity to assume and voice its responsibility in respect to important Government issues.

Before the Committee on Banking and Currency this great issue of whether the American people, the sovereign power, through their trustees, you and me, are going to exercise the constitutional duty which we are sworn to observe, was presented, and we were voted down.

We were voted down, and we reported out this bill unanimously, because we had faith and confidence in the great Committee on Rules of the House to make in order amendments which would not only crystallize this issue of whether the American way of life shall continue but whether we should have a voice in it. That is why we reported this bill out. The Committee on Rules, as I understand it, from the remarks made by Members today, are divided on this rule, six of them, at least, being against the rule. However, they did not think that they should stifle any opportunity for the House to be heard on it. So the matter is clearly before the House today as to whether we shall exercise our constitutional prerogatives to protect and defend the Constitution and exercise our duties as Members of the Congress under the Constitution.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman from Massachusetts [Mr. McCormack], it seems to me, got himself in a rather awkward position when he accused the majority of us who are voting against this rule of being prompted by unadulterated politics. I am not answering for Members on the other side, but the Members on the Democratic side who are disturbed over this proposition to the extent of helping to vote down this rule are just as good Democrats as the gentleman from Massachusetts.

The Members around me who are going to vote for the rule say plainly that they are doing it because they are afraid Mr. Wallace might also get control of the R. F. C.

When this bill came over here it came with a vote of a lack of confidence in Mr. Wallace to handle the R. F. C.—a vote of more than 6 to 1.

My contention is that if it is dangerous for him to have control of the R. F. C., it is just as dangerous for him to have the powerful position of Secretary of Commerce. For that reason, I for one expect to vote against this rule, and if the rule is adopted, I expect to vote for a straight motion to recommit the bill to the Committee on Banking and Currency.

Mr. WOLCOTT. I thank the gentleman for his remarks.

Mr. Speaker, I want to call attention to the matter of the necessity for the reorganization of the management of the Export-Import Bank. It appears in the press as late as the day before yesterday that Mr. Crowley would be before the Congress sometime during this session asking for an increase in capital of \$1,500,000,000. The capital of the Export-Import Bank at the present time is \$700,000,000. The Export-Import Bank has done, on that capital, over a \$3,000,000,000 business. It is a tremendous thing to contemplate when we expand that capital to \$2,200,000,000, how broad the scope of the activity of the Export-Import Bank can be. Yet the authority to manage that bank is virtually in one man today. The disposition of the voting stock is vested in the Secretary of State and the Secretary of Commerce, and is now in the hands of Leo Crowley. Now, Leo Crowley is a delightful individual. I respect him. He has done a splendid job. But we have no more assurance that Leo Crowley will remain at the head of the Federal Economic Administration, of which the Export-Import Bank is a part, than we had assurance that Jesse Jones would remain at the head of the Federal Loan Agency. There is nothing in the law today which would prevent the President from naming Earl Browder to the board of the Export-Import Bank, transferring every dollar of voting stock to Earl Browder. And you would not have one single thing to say about it. Perhaps Mr. Wallace's efforts along the line of global economic and social reform are advisable. I contribute to the thought that there must be global economic and social readjustment, but as a trustee of the sovereign power of this Nation I insist upon the right of

this Congress to establish the standards under which that readjustment and those reforms should take place.

Mr. FOLGER. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I am sorry but I cannot yield now.

Mr. Speaker, I may paraphrase the words of a great American. It seems to me it does not make any difference whether I am a Republican or whether I am a Democrat, I am primarily an American. It matters not what others in this House do or how they interpret their obligation toward the sovereign people of this Nation, I feel it is my duty to do everything I can to protect the American people against this very decided trend toward the socialization of America. So far as I am able physically and mentally, I am going to continue to combat any attempts on the part of any individual to effectuate any reforms, economic, social, or otherwise, with the taxpayers' money, unless the Congress of the United States has something to say about it.

Now, what do we do with respect to this amendment? We create the Export-Import Bank of Washington as an independent agency of the Government. We transfer the voting power to this board, members of which must be confirmed by the Senate, after nomination by the President. We pattern it after the Reconstruction Finance Corporation, so that you and I may have some voice in the management of it, the same as we have a voice now in the management of all of the agencies under the Federal Loan Agency.

Let me close with this: It is more important that we exercise jurisdiction over the Export-Import Bank than it is that we exercise control over the Federal Loan Agency, for the reason that the Federal loan agencies operate primarily domestically, and the Export-Import Bank operates internationally and is in a position to influence our foreign policies.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. Clark].

(Mr. CLARK asked and was given permission to revise and extend his remarks.)

Mr. CLARK. Mr. Speaker, I join with the distinguished gentleman from Michigan [Mr. Wolcott] in his expression of hope that we may dispose of this matter dispassionately. We are going to have a great many serious questions, and I hope we will be able to consider them calmly as time rolls along.

It seems to me that what the Committee on Banking and Currency may have done or failed to do in the way of hearings or otherwise, is completely answered by the fact that every member of that committee, 27 in number, was present and voted to report this bill, and there is no minority report.

The complaint against the rule is that it does not go beyond the general rules of the House. It was suggested that this particular rule should go beyond the general rules, and waive the time-honored rule of germaneness on certain features.

This is tantamount to an attack upon the rule of germaneness so long observed in this House, and points a course of action which by confusion and conflicts of the subject matter has in the past more than once resulted in no legislation. To say that if the pending rule is not adopted the House will be unable to work its will on the bill thereby made in order, is to maintain that the rules of the House are inadequate. If you vote down this rule you are saying that the rules of the House adopted by you, are not adequate to enable you to work your will upon a given piece of legislation.

Since the bill proposes the transfer from the Secretary of Commerce certain powers and duties relating to the Federal Loan Agency, in particular the R. F. C., it seems clear, at least to me, that an amendment would be in order under the rule of germaneness prohibiting the Secretary of Commerce from exercising any powers or duties connected with the Federal Loan Agency, particularly the Export-Import Bank, if the House is disposed to go that far. But that is quite a different thing from undertaking in the consideration of this measure a complete reorganization of the Export-Import Bank, or dealing with the war powers of the President.

It is well understood, I think, that Congress is to consider at an early date the important question of the Export-Import Bank. In the meantime it is distinctly not under the control of the Secretary of Commerce. The Honorable Jesse Jones was formerly in control of both R. F. C. and the Export-Import Bank, and when he became Secretary of Commerce he carried these agencies with him under a special arrangement by reason of his proven experience and fitness. Those functions and duties have long since been transferred to and are now under the control of the Director of Economic Warfare, whose ability is nowhere questioned.

It is my understanding that the only function or duty that the Secretary of Commerce might presently exercise in connection with the Export-Import Bank would be to act as one of its several directors. It seems clear that the House may, if it sees fit, in the consideration of the pending bill prevent even that, but I could never give my own assent to any such course. It is, in my opinion, wholly unnecessary and smacks too much of persecution.

I have hardly any personal acquaintance with Hon. Henry A. Wallace, nor can I follow far his school of thought. But it should be remembered that he served not without distinction as Secretary of Agriculture during a considerable period in which agriculture gained at least some measure of relief from its long distress. He has since served as Vice President of the United States. He is now chosen to head the Department of Commerce by one who has four times received a mandate from the American people. We should have a care not to violate their ever-present demand for fair play by stripping a Cabinet officer of some petty power or duty just because we happen not to approve the appointment,

Mr. SABATH. Mr. Speaker, I yield the balance of the time on this side to the gentleman from Georgia [Mr. BROWN], a member of the Committee on Banking and Currency.

Mr. BROWN of Georgia. Mr. Speaker, I want to say that never in my life have I heard of such a proposition as the House refusing to allow consideration of a bill unanimously reported out by a committee when every member of the committee was present and voted to report it. You may say some should not have voted for it, just as we heard a little while ago from the gentleman from Michigan [Mr. Wolcott]. It is a rule of our committee that when a member votes to report out a bill he may reserve the privilege of changing his mind and voting otherwise in the House if he wishes. No such reservation was made.

I am speaking from the minutes. All 27 members voted to report out the bill, and not a single reservation was made. Am I to believe that Members on the other side of the aisle will not be fair enough to let us discuss this bill and pass on the merits of same?

The SPEAKER. The time of the gentleman from Georgia has expired. All time has expired.

Mr. SABATH. Mr. Speaker, I move the previous question on the rule.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll; and there were—yeas 202, nays 192, not voting 37, as follows:

[Roll No. 21]

YEAS—202

Allen, La.	Dingell	Jackson
Anderson, N. Mex.	Domengaux	Jarman
Bailey	Doughton, N. C.	Johnson, Luther A.
Baldwin, Md.	Douglas, Calif.	Johnson, Lyndon B.
Barden	Doyle	Johnson, Okla.
Barrett, Pa.	Drewry	Kee
Barry	Durham	Kefauver
Bates, Ky.	Earthman	Kelley, Pa.
Beckworth	Eberharter	Kelly, Ill.
Bland	Engle, Calif.	Keogh
Bloom	Fallon	Kilday
Bonner	Felghan	King
Boren	Fernandez	Kirwan
Bradley, Pa.	Fisher	Kopplemann
Brooks	Flannagan	Lane
Brown, Ga.	Flood	Lanham
Bryson	Fogarty	Lea
Buckley	Folger	Lesinski
Bulwinkle	Forand	Link
Bunker	Gallagher	Ludlow
Burch	Geelan	Lyle
Burgin	Gordon	Lynch
Byrne, N. Y.	Gorski	McCormack
Camp	Gossett	McGlinchey
Cannon, Mo.	Granahan	Madden
Carnahan	Granger	Mahon
Celler	Grant, Ala.	Maloney
Chapman	Green	Manasco
Chelf	Gregory	Mansfield, Mont.
Clark	Harless, Ariz.	Mansfield, Tex.
Clements	Harris	Marcantonio
Cochran	Hart	Miller, Calif.
Coffee	Havenner	Mills
Combs	Hays	Monroney
Cooley	Healy	Morgan
Cooper	Hébert	Murdock
Crosser	Hedrick	Murphy
D'Alesandro	Heffernan	Neely
Daughton, Va.	Hendricks	Norton
Davis	Hobbs	O'Brien, Ill.
Dawson	Hoch	O'Brien, Mich.
Delaney	Hollfield	O'Neal
James J. Delaney	Hook	O'Toole
John J. Delaney	Huber	Outland
Dickstein	Hull	
	Izac	

Pace	Roe, N. Y.	Thom
Patman	Rogers, Fla.	Thomason
Patrick	Rogers, N. Y.	Tolan
Patterson	Rooney	Torrens
Philbin	Rowan	Traynor
Pickett	Ryter	Trimble
Poage	Sabath	Vinson
Powell	Sadowski	Voorhls, Calif.
Price, Fla.	Sasser	Walter
Price, Ill.	Savage	Weaver
Prlest	Sheppard	Weiss
Quinn, N. Y.	Sheridan	West
Rabaut	Sikes	Whitten
Rabin	Snyder	Whittington
Rains	Somers, N. Y.	Wickersham
Ramspeck	Sparkman	Winstead
Randolph	Spence	Wood
Rayfiel	Starkey	Woodhouse
Resa	Stewart	Woodrum, Va.
Richards	Stigler	Worley
Riley	Sullivan	Zimmerman
Rivers	Summers, Tex.	
Robinson, Utah	Tarver	

NAYS—192

Abernethy	Gearhart	Martin, Iowa
Adams	Gerlach	Martin, Mass.
Allen, Ill.	Gibson	Mason
Andersen, H. Carl	Gifford	Morrow
Anderson, Calif.	Gillespie	Michener
Andresen, August H.	Gillette	Miller, Nebr.
Andrews, Ala.	Gille	Mott
Andrews, N. Y.	Goodwin	Mundt
Angell	Graham	Murray, Tenn.
Arends	Grant, Ind.	Murray, Wis.
Arnold	Griffiths	Norrell
Auchincloss	Gross	O'Konski
Baldwin, N. Y.	Gwynn, N. Y.	Peterson, Ga.
Barrett, Wyo.	Gwynne, Iowa	Phillips
Bates, Mass.	Hagen	Pittenger
Beall	Hale	Ploeser
Bell	Hall	Plumley
Bennet, N. Y.	Edwin Arthur Hall	Powers
Bennett, Mo.	Leonard W. Hall	Ramey
Bishop	Halleck	Rankin
Blackney	Hancock	Reed, Ill.
Boykin	Hand	Reed, N. Y.
Brehm	Hartley	Rees, Kans.
Brown, Ohio	Henry	Rich
Brumbaugh	Herter	Rizley
Buck	Heseltun	Robertson, N. Dak.
Buffett	Hess	Robertson, Va.
Butler	Hill	Robson, Ky.
Byrnes, Wis.	Hinshaw	Rockwell
Campbell	Hoeven	Rodgers, Pa.
Canfield	Hoffman	Roe, Md.
Carlson	Holmes, Mass.	Rogers, Mass.
Case, N. J.	Holmes, Wash.	Schwabe, Mo.
Case, S. Dak.	Hope	Scrivner
Chenoweth	Horan	Shafer
Chiperfield	Howell	Sharp
Church	Jenkins	Simpson, Ill.
Clason	Jennings	Slaughter
Clevenger	Jensen	Smith, Maine
Cole, Kans.	Johnson, Calif.	Smith, Ohio
Cole, Mo.	Johnson, Ill.	Smith, Va.
Cole, N. Y.	Johnson, Ind.	Smith, Wis.
Corbett	Jones	Springer
Cox	Jonkman	Stefan
Cravens	Kean	Stevenson
Crawford	Kearney	Stockman
Cunningham	Keefe	Sumner, Ill.
Curtis	Kilburn	Sundstrom
Dirksen	Klinzer	Taber
Dolliver	Knutson	Talbot
Dondero	Kunkel	Talle
Dworshak	Larcade	Taylor
Ellis	Latham	Thomas, N. J.
Ellsworth	LeCompte	Tibbott
Elsaesser	LeFevre	Towe
Elston	Lemke	Vorvys, Ohio
Engel, Mich.	Lewis	Vursell
Fellows	Luce	Wadsworth
Fenton	McConnell	Welchel
Fuller	McCowan	Wigglesworth
Fulton	McDonough	Wilson
Gamble	McGehee	Wolcott
Gathings	McGregor	Wolfenden, Pa.
Gavin	McKenzie	Woodruff, Mich.
	McMillen, Ill.	

NOT VOTING—37

Bender	Hare	Reece, Tenn.
Biemiller	Harness, Ind.	Russell
Bolton	Heldinger	Schwabe, Okla.
Bradley, Mich.	Judd	Short
Cannon, Fla.	Kerr	Simpson, Pa.
Colmer	LaFollette	Thomas, Tex.
Courtney	Landis	Wasielewski
Curley	McMillan, S. C.	Welch
De Lacy	May	White
Eaton	Morrison	Winter
Elliott	O'Hara	Wolverton, N. J.
Ervin	Peterson, Fla.	
Gardner	Pfelfer	

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Morrison for, with Mr. Short against.
Mr. Biemiller for, with Mr. Judd against.
Mr. De Lacy for, with Mr. Harness of Indiana against.

Mr. Pfeiffer for, with Mr. Schwabe of Oklahoma against.

Mr. Wasielewski for, with Mr. O'Hara against.

Mr. Curley for, with Mr. Reece of Tennessee against.

General pairs:

Mr. May with Mr. Eaton.

Mr. Cannon of Florida with Mr. Bradley of Michigan.

Mr. Hare with Mr. Heidinger.

Mr. Gardner with Mr. Wolverton of New Jersey.

Mr. Elliott with Mr. Welch.

Mr. Peterson of Florida with Mr. Simpson of Pennsylvania.

Mr. Colmer with Mr. Landis.

Mr. Kerr with Mrs. Bolton.

Mr. McMillan of South Carolina with Mr. Bender.

Mr. Thomas of Texas with Mr. Winter.

Mr. Courtney with Mr. LaFollette.

The result of the vote was announced as above recorded.

The SPEAKER. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

(Mr. SPENCE asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I desire at the outset to say that this morning I introduced a bill for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development. That is the bill for which the President asked consideration and passage in his message to the Congress on Monday.

We all realize that there is a rapidly world expanding economy in a contracting world. We have tried to settle international disputes in the past by political considerations, we have tried to settle them by the adjustment of territorial boundaries, but this is a new venture in international relations to establish an economic set-up that may bring good will and future peace and prosperity to the world.

Mr. Chairman, today in both Houses of Congress, on each side of the central

dome which stands as a symbol of unity, an historic piece of legislation is being introduced in Congress.

It is an auspicious time to introduce legislation which we hope will serve as one of the cornerstones of the "just and lasting peace among ourselves and other nations" for which Abraham Lincoln voiced the hope many years ago. This is a good time for us to act—following so closely upon the Crimean Conference.

Mr. Chairman, the bill which I am about to introduce is a bill to assure the economic side of world peace. The first action by any of the 44 participating nations to confirm the proposals made at the Bretton Woods Monetary Conference is being inaugurated in the United States Congress today. It is our honor, our privilege, and our responsibility, to be the first legislative body to take this initial step toward outlawing economic warfare on the earth and to set in motion a positive program for economic peace.

This legislation, Mr. Chairman, was written on Capitol Hill. The gentleman from Michigan [Mr. Wolcott] and I together with our Senate colleagues, Senator WAGNER, of New York, and Senator TOBEY, of New Hampshire, studied these problems on a nonpartisan basis. The 4 of us were among the delegates at the Bretton Woods Conference. There we discussed international monetary problems with the representatives of 43 other nations. In the 8 months since Bretton Woods we have been collaborating with other legislators to prepare a bill which will make the international monetary fund and the International Bank for Reconstruction and Development an integral part of world-wide economic cooperation after the war. Technical aid and assistance from the executive branch has been graciously provided on our request.

This bill, which is being introduced by Senators WAGNER and TOBEY in identical form today, is the fruit of cooperation and collaboration on a national and on an international level. It is the fruit of nonpartisan cooperation, the work of Representatives and Senators, of Republicans and Democrats, of the legislative and executive branches.

The ground work for political peace was laid at Dumbarton Oaks and furthered at the Crimea Conference. The basis of military peace is being carved out with explosives and projectiles, at the cost of millions of human lives, on the western front, the eastern front, and in the Pacific. It is my heartfelt hope that we in Congress will consider well, above and beyond considerations of partisan politics, and that we will do well, in the spirit of cooperation and collaboration that has carried the work thus far, the job that is before us of paving the high-road to economic peace.

Mr. Chairman, I congratulate the House on the vote just taken. It is carrying into effect democratic processes. It would be a futile and indefensible thing if the House failed under the rules of the House to consider legislation that had been brought to the House by unanimous vote of a legislative committee.

Mr. Chairman, there has been some criticism of the Banking and Currency

Committee because extended hearings were not held in regard to this measure. The issue is simple. Of course, if you inject into a simple bill all of the collateral issues that might be injected, you are going to make a complicated matter out of it. But no such issues are presented here. The issue is not involved.

Secretary Jones was Chairman of the Reconstruction Finance Corporation. He built that great financial empire that extends not only throughout this country but throughout many other sections of the world. He built it with skill; he is a financial genius; and when he was made Secretary of Commerce, he was Federal Loan Administrator. All of these agencies were put in the Commerce Department because Jesse Jones was made Secretary of Commerce. The Congress and the President at that time wanted him to administer it.

Mr. Chairman, that was personal legislation, and personal legislation is always dangerous. There was no other reason why these great financial institutions should be placed in the Commerce Department except that Jesse Jones was the Secretary of Commerce. When he is no longer Secretary of Commerce, it is the opinion of all of us that those lending agencies should be restored to their former status. I think that that is a correct solution of the problem. I think they ought to be taken out of the Department of Commerce, and I think they ought to be independent agencies of Government, whoever might be Secretary of Commerce, because they have no relationship to the Department of Commerce, and they do not belong there.

I am amused at hearing the statements made that the minority are going to prevent dangerous tendencies of the Government and that future generations are going to render their decision as to this act.

We do not have to go to the future generations. Last November we had the verdict of the American people, and they set their seal of approval on a President who three times before that had been overwhelmingly elected President of the United States. It seems to me that the majority has spoken, and although some of you are afraid of the future actions of the President, as you seem to be, the American people as a whole are not afraid of him. It has been suggested by some of our Republican colleagues that the President might select Earl Browder as the chairman of this great financial institution. That is an entirely unjustified reflection upon the President of the United States who has shown his abilities and the American people have demonstrated that he has their confidence and that he has retained it longer than almost any man in public life. This bill not only takes the lending agencies out of the Department of Commerce, but provides a comprehensive method for the auditing of their accounts. The General Accounting Office is the agent of the Congress. It is presided over by a man who once held a place of great distinction in this body, the Honorable Lindsay Warren. Under the provision of this bill the General Accounting Office will make an independent audit of all of the lend-

ing agencies owned by the Federal Government. It will be an efficient and honest audit. It will be an audit made by capable people. They will not only report the financial condition of those institutions to us but the Comptroller General will tell us whether or not, in his opinion, they have proceeded within the law and whether or not they have violated any of their duties.

I think that this is a most important measure, and we should always have the advice and the assistance of this great independent agency.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from New York.

Mr. BARRY. When the amendment was proposed in the Senate by Senator BYRD it read "the financial transactions of wholly owned Government corporations shall be audited." When it is printed in the Senate bill, and the bill which we referred out of our committee, it reads "financial transactions with Government corporations."

Does that mean a corporation in which the Government owns all of the stock?

Mr. SPENCE. Yes; in my opinion, it means the corporations in which the Government owns the stock.

Mr. BARRY. All of the stock?

Mr. SPENCE. Yes; I should say all of the stock. "Owned or controlled," I do not know what that phrase would mean.

Mr. BARRY. Because the change in the language might be interpreted to mean corporations in which the Government has a majority of the stock or a minority of the stock.

Mr. SPENCE. I think the bill is intended to refer only to wholly Government-owned corporations.

I think an amendment providing for audit of agencies "owned or controlled" by the Federal Government would be exceedingly difficult of construction.

I think the only practicable statement of the law would be that they should audit wholly Government-owned institutions.

Mr. BARRY. Where the Government owns all the stock?

Mr. SPENCE. Yes.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I am just a little bit baffled by the statement the chairman has just made. I understood him to say he did not know what "all Government corporations" included.

Mr. SPENCE. I know what the Government corporations include. Under this bill they are corporations that are wholly owned by the Government. But as to what are Government-controlled corporations, as proposed in the amendment, I have no definition for that.

Mr. CASE of South Dakota. As that language is used in the bill in section 5, then, what does the bill mean when it says that the financial transactions of all Government corporations shall be audited?

Mr. SPENCE. It means the corporations owned by the Government, in my

interpretation. "Government-controlled corporations" was the language of the proposed amendment. I do not think anybody would know just how far that would go or just what corporations it would apply to.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I yield myself 5 additional minutes.

Mr. CASE of South Dakota. Does that mean 100-percent owned or 51-percent owned?

Mr. SPENCE. I cannot yield further.

Of course there is politics in this bill. Who will deny it? Who will say there is not politics in the bill when you look over the vote that has just been recorded?

May I say another thing. Many of you think you are destroying Henry Wallace. It is beside the question as to whether or not he is well qualified to administer this great financial institution that is about to be taken from the Department of Commerce. But more men have been made powerful by persecution than by praise, and you are going in a peculiar way to destroy him. I think what you are intending to do will build him up rather than hurt him. The most vigorous denunciator of Henry Wallace will not dare compare him with Daugherty or Fall. His life has been incorruptible. He has been an honorable man, and I do not believe anybody will deny it. In saying that I do not disparage the services of Jesse Jones. But no man can say that Wallace has not rendered faithfully the services the people have charged him with.

Taking that into consideration, why has not the President of the United States the right to appoint the man of his choice as Secretary of Commerce? I think the only thing that Congress has the right to consider is his moral character. If we attempt to legislate, attempt to place duties upon great departments of government with reference to the peculiar beliefs of the men who are about to administer them, we will have a government as unstable as water and as variable as the wind.

We want a government of laws, a government of stable laws, a government that will not be changed because of the ideas of the legislators, as to the peculiar beliefs or characteristics of the incumbents of public office.

That would be most inadvisable and a poor way to legislate. I hope that the Congress will consider this bill with dispassionate reason. I know no argument that I can make and no argument that anybody else can make will have any effect upon the vote.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. BARRY. In view of the pending amendments I believe the Chairman should explain to the House we are going to hold hearings shortly on the Export-Import Bank.

Mr. SPENCE. Yes; we will hold hearings on the Export-Import Bank in the near future.

Mr. BARRY. That is the proper time in which to amend or reorganize that agency.

Mr. SPENCE. It will be necessary to hold hearings. The Export-Import Bank has asked for a large increase in its borrowing powers. Before this year is over we will have to hold extensive hearings with reference to the bank. At that time all of these amendments can be considered and we will go into that subject exhaustively. That is the time to consider these questions and not to consider them as collateral issues to this bill which is simple both in its language and in its purpose. It cannot be misunderstood.

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

Mr. SPENCE. Mr. Chairman, I yield myself 2 additional minutes to yield to the gentleman.

Mr. KOPPLEMANN. During the first administration of Henry Wallace as Secretary of Agriculture he was invited to a meeting of the National Grange in my city of Hartford, the insurance center of the world. When he came to my city, the executives and the presidents of the insurance companies of my town invited Henry Wallace to a luncheon. I was present and listened to words of praise and good will of him because of his accomplishments in helping to save what many of us believe to be the greatest financial institution of the world—insurance. He did this through his economic policy of saving the farms and the farmers. Our insurance companies held mortgages on these farms, which were in default, and as a result the insurance companies were in danger. The genius and ability of Mr. Wallace was proven, and millions of policyholders today are thankful.

Mr. SPENCE. Mr. Chairman, I want to say we ought to take our vote on more solid and more substantial considerations than personalities. If the vote is not based upon that, but upon the merits, you will vote to take this great lending institution out of the Department of Commerce and reestablish it as an independent agency of the Government, as it was before the Honorable Jesse Jones took it with him into the Department of Commerce. I do not see any reason why politics should be injected into this. You may say that the other body has cast upon us a responsibility which is not ours. I do not think that is true. We have an obligation and a duty to perform. The act is a meritorious act and should be passed.

Mr. CASE of South Dakota. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Chairman, the Member speaking in this body may not refer to the Senate or Senators.

Mr. SPENCE. I corrected that. I understand that. I called them the other body. Does the gentleman think that is sufficient? If this bill is not passed, it may result in the gentleman who has been Vice President of the United States and Secretary of Agriculture becoming

the Secretary of Commerce with all of these immense lending agencies under his jurisdiction and control.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 25 minutes. During my career in Congress I have had my ears boxed a good many times for the things I thought were right, proper, and patriotic. Of course, we will abide by the majority which has indicated by its vote that they want to consider this legislation without any opportunity to do a whole job. I think if we had had the time and the opportunity to develop the issues as they were developed before the Committee on Rules there would have been little or no question that there would have been sufficient votes to have defeated the rule.

In so doing it would have been possible for the Committee on Banking and Currency to have held hearings on this bill and corrected all of the abuses which have been charged against the administration of any of the lending agencies. We could have done a whole job, as it is expected we shall do.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. TALLE. The gentleman from Michigan will remember that at the close of our very brief executive session devoted to this bill I made protest against the practice of not holding hearings on such an important measure. I stated then that I regarded it as most unfortunate that hearings were not held. This point and the reasons therefor are being developed by the gentleman from Michigan, and I am sure he will support me in my statement.

Mr. WOLCOTT. I not only support the gentleman but I want to thank him for calling attention to the fact at this point that demands were made for hearings, in view of the fact that the gentleman from Illinois [Mr. SABATH], chairman of the Committee on Rules, indicated by a question that no demand had ever been made for hearings. I am sure the gentleman from Illinois [Mr. SABATH] would remember that when we appeared before the Rules Committee we predicated the necessity for opening the rule sufficiently so that certain amendments could be made in order, on the fact that we had demanded the right to have a hearing in the committee, and had been denied that right by a majority vote. We expected the Committee on Rules to give us an opportunity to amend the bill so that we would do a complete job. I say it is unfortunate that we did not have the opportunity to develop those issues before this committee, as we did before the Committee on Rules, because it is very apparent from the remarks made by members of the Rules Committee that the majority of the Rules Committee did not favor the adoption of the rule.

The remarks which have been made this afternoon in respect to Henry Wallace show the danger of building legislation around an individual. I was a little surprised, if not amazed, at the remarks made by the gentleman from Connecticut

[Mr. KOPPLEMANN] praising Mr. Wallace as a gentleman and a great administrator. He and others who have lauded Mr. Wallace today have said that he was a man of great ability, in whom the country had great confidence; a man of integrity. Nobody denies he is a man of integrity. The ironical part of it all is that you who are lauding him, you who are praising him, are voting to take these powers away from him. Why are you doing it? Have you not such faith and confidence in Henry Wallace that you would leave with him the management of the Reconstruction Finance Corporation, the Defense Plans Corporation and several other corporations under the lending agencies which have available \$33,207,017,057, of lending power? Have you not confidence enough in Henry Wallace that you will vote against this bill to make it possible for this great exponent of everything which is good in government and in the world to administer the functions of an agency which has obligations outstanding today of \$12,604,105,996? That shows the danger of building legislation around an individual. It shows the reason why we should do a much better job than we can today by giving a great deal of consideration to legislation which will enable the Congress to reclaim some of the powers and prerogatives vested in it by the Constitution which it has erroneously or otherwise delegated to the executive establishment. As a matter of permanent policy are you going to continue agencies which are not responsible to the Congress?

There is not any question of war in this bill; there is not any question of victory in the amendments which have been suggested making the Export-Import Bank an independent agency of the Government, because that agency will not function fully until after the war. What we are doing in a great deal of the legislation we are considering is building a foundation for a post-war social and economic structure, as I understand it, under the Constitution, which will make it possible for America to continue to progress. Just a word in this particular to those gentlemen who say—and we all have received such letters—we must have a certain individual administer certain agencies of the Government, otherwise we are not going to employ 60,000,000 people. We should have in mind, of course, in accomplishing that goal that at the present time about 62,500,000 people are gainfully employed in the United States, and that 60,000,000 is only two and one-half million less than we are employing now at the peak of our production, the all-time peak of our production. But that is a desirable goal, and I do not know of a man or woman worthy of the name "American citizen" who does not sympathize, contribute all he can, and cooperate with any one who will make that possible. Surely there is nothing partisan in that statement, because if the result of the election last November had been different, had a Republican been elected as the Chief Executive of the United States, you good Democrats surely would have cooperated as effectively with him as we on the Republican side are

willing to cooperate with the President today, tomorrow, and for the next 4 years in making possible full employment, all of the employment which our economy can stand. It does not make any difference who is President of the United States, it does not make any difference who is administrator of the Federal lending agencies, it does not make any difference who manages the affairs of the Export-Import Bank, he is not going to influence many jobs. As a matter of fact, it would be difficult for the Congress to stop the post-war prosperity which is bound to be with us. It is bound to come.

Mr. Chairman, this country is prosperous because we believe in free enterprise, we believe in freedom of activity in respect to our daily pursuits, we believe in the competitive system, we believe in making it possible for a lowly individual without capital to become a wealthy individual through his own efforts and the efforts of those with whom he might associate himself. That is what our form of government stands for. It is our form of government that has made it possible for America to become the greatest nation under God's heaven—economically, financially, and, we hope, spiritually.

Let us see how big a country we have and how far we have gone. We have about 7 percent of the world's population. We normally produce and consume 50 percent of the world's goods. Now, having that in mind, let us review some of the dreams which have been put forth and published in the last few years in respect to our participation in international affairs—politically, economically, and socially. As I understand, certain of these philosophies in respect to global, economic, and social reforms, they teach that we should build an imaginary stock pile of world goods. All of the countries should contribute all of their products. In other words, they teach that all of the nations of the world shall contribute to this imaginary stock pile of world goods. If we can visualize it, we see this stock pile of all the manufactured goods, all the fruits of the production of our farms in this stock pile; then under their theory of raising the standards of living of all the people throughout the world, we start distributing from that stock pile on a per capita basis. Figuratively, we are told we should put a bottle of milk on everyone's doorstep. We start distributing from this imaginary stock pile on a per capita basis and America gets back 7 percent of the world's goods, although she has contributed 50 percent of the world's goods.

Our standard of living under this philosophy of global economic reform drops from 50 to 7. That shows how serious this whole situation is, and how important it is for us to reflect on whether we want to make it possible for any of these theories—whether they are Mr. Wallace's theories or not is immaterial—to be effectuated until we, the trustees of the people's sovereignty, establish the standards under which this redistribution process takes place.

We are concerned, as I said, not only with Mr. Wallace. Mr. Wallace is merely an individual, the same as you and I.

Mr. Wallace, you, and I, could pass out of existence tonight, and this great country of ours, because of the standards which we have created, would go on, forever progressing, slowly, but surely, leading the other nations of the world economically, socially, and spiritually, and not tagging on behind them.

It is not necessary for us to subordinate our political existence as a Nation to that of any other nation in the world. The world is looking to America today for leadership. They are looking to us for credits with which to rehabilitate and with which to reconstruct the devastated areas. If we destroy the America which our ancestors and we have built, then we will be in no position to lead the other nations of the world and we will be in no position to make available the fruits of our industries and our farms in order that their standards of living might be increased. There is a social problem involved in increasing the standard of living of any people. We studied it when we set up the slum-clearance program. A great archbishop told us that slum clearance was as much a social problem as it was a matter of bricks and mortar and lumber and plumbing. He recited as an example the fact in the great city of Boston certain people who enjoyed a high standard of living, a social standard higher than those in other quarters, moved, shall we say, uptown, out of clean homes into more modern homes, and the slum dwellers moved into these homes that had been vacated. Inside of 2 weeks, lo and behold, these good, clean homes became hovels; they became slums. So the good archbishop told us that in order to effectually clear the slums in our large cities we must create in the slum dwellers a desire for a higher standard of living, otherwise although you might create castles for some of the slum dwellers the castles might become hovels. So it is with increasing or raising the standard of living of the Hot-tentots. I use that term inasmuch as it has been used before.

You first have to create a desire in those people for a higher standard of living. Any large amount of material things which you give to them without accompanying it by an educational program encouraging them to a higher standard of living will be that much waste. There will not only be waste of material goods but, because of these philosophies of global economic and social reform, there will be a wasting away of our economic, political, and social position in the world proportionate as we give of our money and our credits and our materials to people who are not ready for a higher standard of living. That is why some of us perhaps may be excused for advocating that we proceed with caution in order that we may effectuate our purpose and not destroy it, as so many would do if their theories were adopted today.

Let us get to the meat of this coconut, which is the Export-Import Bank. At the present time the Congress has practically no control over the Export-Import Bank. The Congress has no control whatsoever over the use of the Export-Import Bank funds which might

be used in the development of a foreign policy which would negative any policy which we might establish through treaty or otherwise.

I like to think that we accomplished something at Dumbarton Oaks. Many of us like to think that we took a step in the right direction at Bretton Woods. There is such a close affiliation between the use of the Export-Import Bank and the funds and resources of that bank in world affairs, and Dumbarton Oaks and Bretton Woods, that this Congress cannot in justice to any of those subjects divorce the Export-Import Bank and its potentialities from them.

We are going to be asked during this session of Congress to authorize appropriations of almost \$8,000,000,000 for the reconstruction of Europe and Asia and for the physical rehabilitation of the countries which have been devastated in this war. We are going to be asked to provide billions more in credit in order that they may acquire the heavy goods, the producer goods, which will make possible economic rehabilitation. So this picture has to be viewed as a whole, not one little piece, and the Committee on Banking and Currency should sit down with this whole picture, at least with all the pieces of the picture, and try to put them together so that when it does come out here on this floor you, the representatives of the people, will have the whole picture and not a piece of it. It cannot be done if we allow the considerations of any individual in the Government, no matter who it is, to warp our judgment. You might say, "I believe in his philosophies," but you cannot say it honestly and safely without studying them. So you cannot say, "I believe in the Export-Import Bank" until you know within what limitations the Export-Import Bank is to function. We have no control whatsoever over the operation of the Export-Import Bank. It is an integral part of this whole picture. Therefore, before we consider the provisions of this bill in respect to the loan agencies which are integral parts of it, before we consider Bretton Woods, before we appropriate one more dollar for international use, we must put this picture together so that you and all the people of this Nation will know where we are going.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. OUTLAND].

(Mr. OUTLAND asked and was granted permission to extend his remarks.)

Mr. OUTLAND. Mr. Chairman, the distinguished gentleman from Michigan who preceded me said that in his judgment it made very little difference who was President of the United States in regard to jobs and in regard to post-war prosperity. I can remember back a few years when the only thing we were told and the only steps that were being taken for jobs was the promise that prosperity was just around the corner. Then the American people decided to make a change. They decided to make a change from the 12 years during the 1920's, when we were building on a false founda-

tion which resulted in the biggest depression in American history. They demanded and they got a New Deal. I think the fact that Mr. Roosevelt has been reelected for a fourth term indicates that the American people as a whole have a very good idea as to whether or not the President of the United States has any effect upon post-war prosperity.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. OUTLAND. If I may be permitted to finish my statement first, I shall be glad to yield later.

Mr. Chairman, I have asked for this time because I wanted to say a few words about one of the most important conditions underlying this legislation. The divorcing of the R. F. C. loan agencies from the Department of Commerce is one thing. However, I believe that this would never have come up, at least it would not have come up at this time if the President had not nominated one particular man to be Secretary of Commerce. Consequently, it is impossible to separate from a discussion of this bill the name of Henry Wallace, and I should like to use the few minutes I have to comment briefly on Mr. Wallace.

May I say first, however, I think it is a very heartening sign that the Members of the House of Representatives are paying attention to Presidential appointments to Cabinet positions. I was going through a list here this morning of some of the appointments to the Cabinet during the 1920's. There must have been very little interest on the part of the Members of the House of Representatives at that time. I am wondering if some of these men represent the American way of life as the opponents of Mr. Wallace today interpret it. I come to the name here of Secretary of the Navy, Edwin Denby, in the Harding and Coolidge years. I am wondering if he represents the way of life that some of the opposition would have us return to. I come to the name of Andrew W. Mellon, former head of the Aluminum Trust. Members on the minority side, does he typify the type of American life that we want to get back to? Next I come to the list of Attorneys General. I see the name of H. M. Daugherty. Does he represent the kind of man we wish to think of as typifying the American way of life? Then I turn to the Secretary of the Interior. I see the name of Albert B. Fall, of New Mexico. Does he, Members of the House, typify the kind of Cabinet officer we want? I say it is a heartening thing that the Members of the House are taking an interest in the type of person the President nominates for Cabinet positions.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. OUTLAND. I am sorry, I cannot yield now, but I will yield just as soon as I finish my statement.

Now, I am wondering why all of these objections have been raised to Mr. Wallace. I am wondering why the Republicans were so unanimous in their opposition to a rule which even permits the discussion of a bill where he is indirectly concerned.

I am wondering why they were perfectly willing to permit the R. F. C. to be included in the Department of Commerce under Mr. Jones but not under Mr. Wallace.

I am wondering why this fear and furor that seems to be pervading this body, and that we read in the newspapers and that we hear over the radio. I am wondering for example, if it is because Mr. Wallace has the courage and frankness to state his position and not do any pussyfooting. For example, I quote briefly from an article by Mr. Wallace, in the Saturday Evening Post, October 23, 1943. Is there anything in this philosophy, Mr. Chairman, to which we can object?

Capitalism throughout the world, and even in our own country, has often been the object of derision. Not its inherent faults but its misuse has been the underlying reason for this attitude. Considered in its essentials, however, capitalism can be the most efficient system of organizing production and distribution on principles of freedom and equal opportunity yet devised by man. It should not, as many radical reformers have suggested, be uprooted. It should be modernized and made to work. Indeed, it must be made to work if we are to maintain the foundations of those things which we believe to be the essentials of American society. The chief trouble with capitalism has been the perversion of its instruments and their misdirection by small, powerful, privileged groups for purposes they were never intended to achieve.

Gentlemen, what is wrong with this statement?

I am wondering if it is the frankness with which the former Vice President of the United States discusses monopolies and cartels that has caused all of this antipathy to be raised against him. I am wondering if it is the fact that Henry Wallace has come out flat-footed for the rights of the small businessmen of America, that has caused all of the uproar to be raised against him. I am wondering if it is a fact that Mr. Wallace says that in our American democracy, as we conceive it, every individual, regardless of his national background, his racial background, or his religious background, shall have the chance to develop the capacities and talents which the Almighty has given him, and that nothing—no artificial barriers of any kind, be they race, religious, or economic—shall be allowed to stand in the way of the development of those individual traits. Perhaps it is the fact that Mr. Wallace has advocated greater cooperation between agriculture and labor. I could quote at length from some of his statements before Senate hearings on that particular point, but his position on it is too well known to discuss it at length here.

Is it the fact that Mr. Wallace has advocated greater cooperation between private enterprise and government, contending that they are not necessarily incompatible, but contending that they can be made to cooperate in developing a more satisfying economic life for America as a whole. I am wondering if it is the fact that Mr. Wallace contends that in peace as well as in war we can bring about full production in America, and that we do not have to have a wartime economy in order to find jobs for all.

I am wondering just which one of those particular things it is that is causing all of the furor to be raised, and all of the fears to be expressed about the future of America. Personally, I find it difficult to ascertain.

I should like to emphasize a point that I made a moment ago, namely, for four consecutive terms the American people have chosen a particular man to represent them as President. They have had confidence in that man's judgment or they would not have elected him. When the President of the United States, therefore, nominates a particular individual for a position in his Cabinet, I for one make the assumption that the American people as a whole have faith in that particular act, as well as in the acts which he has made in the past. It seems to me that a man must be pretty good, that he must not have very many serious faults, when the only thing we can really say against him is that he is an idealist; that he is a dreamer. I think the great achievements of American history, and some of the greatest achievements of world history, would not have been possible unless men had held ideals in front of them; unless men dreamed a dream of a better world in which people of all religions, of all races, of all nationalities, might have greater opportunities to go forward and develop their own abilities.

If the worst we can say about a man is that he is an idealist, then his faults must not be very serious. God help us when we in America lose our ideals and our idealists.

Personally, I feel convinced that when the American people learn all of the facts in this case it will be as the chairman of our committee said—it will do more to make Henry Wallace than to break him. The American people like fair play, and they abhor unfair tactics. In the present case, every possible type of unfair tactics is being used against Mr. Wallace, and the American people are beginning to realize that fact. But in the long run he will emerge from this ordeal even bigger than he is today. The more he is persecuted, rather than praised, the further he is going to go. I for one have no lack of confidence in just how far that is going to be.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. CRAWFORD. I yield 15 minutes to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Chairman, in response to the gentleman from California who just left the floor, I may say I have looked all through this bill but cannot find the name "Henry Wallace" in it; so I think we are discussing something besides Henry Wallace here this afternoon.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. VORYS of Ohio. The previous speaker, the gentleman from California, in his moving encomium about Henry Wallace, refused to yield. I wanted to ask him what I believe I have since found out, whether or not the gentleman from California did not vote for this

bill to take away from this paragon of wisdom and virtue he described the powers the President wanted to give him. Did he not?

Mr. BUFFETT. That is right.

Mr. OUTLAND. Mr. Chairman, will the gentleman yield to permit me to answer?

Mr. BUFFETT. I yield briefly.

Mr. OUTLAND. I beg the gentleman's pardon for not yielding to him; I should have done so, but I thought my time had about expired.

Answering the gentleman's question briefly, in my judgment, these lending powers should not have been placed in the Department of Commerce in the first place. I believe we are taking an excellent step in making this separation, regardless of who may be Secretary of Commerce. My point was that I felt pretty strongly that if Mr. Wallace had not been nominated, this bill would never have come up.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield briefly, but I must proceed.

Mr. CASE of South Dakota. If it had not been for the issue coming up as it did the support for this bill that we now have would never have come from that side of the aisle. Necessity has been the mother of virtue in this case.

Mr. BUFFETT. Mr. Chairman, I must refuse to yield further.

Mr. Chairman, I speak on behalf of 12,000,000 uniformed patriots of America, whose future is vitally affected by our decision on this problem, the problem of our philosophy of public debt.

It was recorded in Roman times that a monument was then in existence, beside the Macedonian road at Thermopolae, which bore the following inscription:

Oh, Passer By, tell the Lacedemonians that we lie here in obedience to their laws.

This was the epitaph to the handful of Spartans who died to the last man in delaying the Persians at the Pass. No simpler words ever noted a greater sacrifice.

Today all over the world American boys lie buried in obedience to our laws. To me that means we have an obligation here at home, a very real obligation to preserve the system they fought to defend. The foundations of civilization, the existence of human liberty depend upon the maintenance of a sound monetary system. Most if not all of the so-called liberal governments of modern times have been wrecked, as Candidate Roosevelt said in 1932, on the shoals of loose fiscal policy; and it is fiscal policy we are talking about today.

The fundamental question that Congress will determine in its labors on this bill comes down to this: Will Congress reassume its full responsibility as the custodian of the public purse, otherwise known as the monetary system of the United States? Mr. Chairman, the first obligation which that purse must meet is held by the widows, orphans, and wounded veterans of World War No. 2. They are not here, but they are counting on this Congress to carry out its re-

sponsibilities. A few days ago I noted a statement by General Hines in which he said there are 350,000 compensation cases of World War No. 2 already on the rolls. He stated further that in another year or two there would be almost 1,000,000 compensation cases of this war on the rolls. That means those people have a genuine interest and a prior claim against the Treasury of the United States. It is up to this Congress in its every decision to remember that the first claim against the United States Treasury is held by those veterans, by their widows, and by their orphans. Simply because they are not here we cannot afford to ignore that claim, and if this Congress is fully awake to its duty it will remember that responsibility on every bill relating to monetary policy.

The second obligation against the public purse is to the savings bondholders of the United States. Those people number 85,600,000 and they have an interest in this bill. They have an interest in the philosophy of public debt which this Congress approves by its legislative actions.

The third obligation connected with that purse is our responsibility to keep our monetary system in such condition that the people of America will have confidence in the integrity of those who are charged with its custodianship.

The fourth responsibility of Congress in connection with this purse is to assist and help the rest of the world in its labors for recovery. That is the fourth, in my judgment, of the obligations of this Congress in its administration of the public purse.

Congress must choose in this instance between safeguarding that purse until our soldiers come home and the obligations to our bondholders are fulfilled; or of turning over this purse to a disciple of the school of thought that believes the capacity of the American taxpayer to underwrite global spending is unlimited. For my part I question the right of the Congress to entrust the savings of a Nation, already under obligation to millions of veterans, to the irresponsible hands of a visionary for further experimentation with financial schemes that have failed wherever they have been tried.

I think we should look back a minute on this subject to 1932—I heard that date mentioned a moment or two ago—when Mr. Roosevelt said:

What I would like to do is to reduce insofar as possible the problem of our national finances to the terms of a family budget. The credit of a family depends chiefly on whether that family is living within its income. And that is equally true of the Nation. If the Nation is living within its income, its credit is good. If in some crises it lives beyond its income for a year or so, it can usually borrow temporarily at reasonable rates; but if like a spendthrift it throws discretion to the winds and is willing to make no sacrifice at all in spending, if it extends its taxing powers to the limit of the people's power to pay and continues to pile up deficits, then it is on the road to bankruptcy.

I think the people of America should know from this Congress how far down that road to bankruptcy this Nation is. We have been on that road 12 years now

since Mr. Roosevelt talked about its dangers. The boys out on the battle fronts have an interest in how far down that road we are, and this Congress should get the answer to that question before it entrusts to free-spending hands the custodianship of our immense governmental corporations.

I looked at a Treasury statement this morning, and I find that thus far this fiscal year our deficit is \$33,000,000,000. That is since last July 1. That is 50 percent higher in 7½ months than the entire debt that Mr. Roosevelt was worried about in 1932.

Mr. ROBSION of Kentucky. What is it for a year?

Mr. BUFFETT. What was it a year back?

Mr. ROBSION of Kentucky. Yes.

Mr. BUFFETT. I do not have those figures.

Mr. ROBSION of Kentucky. It is right there.

Mr. BUFFETT. The figure is running about a billion dollars a week.

The boys on the battle fronts around the world are interested in the promises of the G. I. bill. Those promises and others veteran benefits can be made good only if our Budget is balanced. That fact is of supreme importance to those who make the sacrifices of this war. So we have seen the results of financial liberalism all over Europe. We have seen totalitarianism come out of this kind of reckless spending. We have seen it bring disaster in every land where it has been tried.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from West Virginia.

Mr. BAILEY. May I ask the gentleman to define just what a Republican is?

Mr. BUFFETT. I am talking now about the finances of the Government. If the gentleman is interested, he will get a great deal of information if he will just keep his ears open and listen carefully.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Texas.

Mr. PATMAN. What does the gentleman mean by "new philosophy of public debt," and who has announced that new philosophy?

Mr. BUFFETT. That new philosophy of public debt has been announced by Alvin Hanson and A. A. Berle and other New Deal economists who say that each year you can increase the debt ad infinitum. They have been doing pretty well at securing New Deal acceptance of that theory, if the rise in the debt is any indication.

Mr. PATMAN. Will the gentleman quote the exact language that they used?

Mr. BUFFETT. I will be glad to furnish the gentleman with the precise quotations.

Mr. PATMAN. And what authority they had to represent the administration?

Mr. BUFFETT. I will be glad to furnish the gentleman with the precise information.

This country has gone along now for 12 years of inflation. Of course, inflation has been covered up by price control, but the inflation that has been created is in existence and threatens our country right today. We can see it in the growth and in the circulation of money from \$15,000,000,000 2 years ago to something over twenty-five billion today.

Let me remind you in passing that money in circulation is something like ration stamps. It is a claim for goods that has not yet been exercised, and when those claims pile up we find in the case of ration stamps, at least, that they cannot handle them all. That is the problem this Congress is facing, and it is facing it on its deliberations on this bill.

There are other questions that should be answered in the discussion of this bill by those who adhere to this new philosophy of global spending. How is a great advance in commodity prices to be prevented if the public debt is allowed to increase continuously? Does not history show that an enormous rise in the public debt always results in disastrous inflation? That is the most basic situation which this Congress faces.

The war will be won one of these days, but winning the war will not solve this problem. The winning of the war is probably a lesser final problem than the problem of getting the finances of the United States on a sound basis.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. The gentleman referred to what he called the new philosophy. I suppose in view of the fact that he referred to Mr. Hanson and Mr. Berle that he meant the doctrine of compensatory spending. That philosophy, as the gentleman knows, is embodied in a recent spending bill offered in the Senate by which the Budget Department is supposed to make estimates for a volume of all of the business in the United States for such a length of time that probably the average businessman could not estimate for his own individual business, and then use the Government's money to pay the deficit in creating jobs. Does not the gentleman consider that a new philosophy, which, of course, is the philosophy of compensatory spending?

Mr. BUFFETT. I will answer the gentleman with a recent contribution by Seymour Harris, associate professor of economics at Harvard University, lately on leave with the Office of Price Administration. Mr. Harris suggests:

In one sense there is no limit to the growth of the public debt, for as debt charges rise the taxation of holders of this debt may rise at an equal rate.

This idea is quite a gem. We can sell the people the bonds and then we can tax them against the interest on the bonds until they get no interest at all. On that theory the debt could go up forever.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. CRAWFORD. Mr. Chairman, I yield 3 additional minutes to the gentleman from Nebraska.

Miss SUMNER of Illinois. In the period before 1837, although the Federal Government followed the traditional Jeffersonian principle of economy in government, the States indulged in great extravagance, even usurping functions later left to private enterprise. So many of the States defaulted their debts, after spending much as the Federal Government has been doing in the last 10 or 12 years, that after those defaults it was commonly said in Europe, where industrialists had been hard hit by the defaults in State securities, that the United States was one vast swindling shop from Maine to Florida. Does not the gentleman believe the same thing might happen as a result of extensive spending in the same way by the Federal Government now?

Mr. BUFFETT. I will amplify that point for the gentlewoman. Here is the most significant point in this whole problem:

With unlimited debt expansion we cannot prevent inflation without the use of totalitarian methods of control.

You have seen some evidences of those totalitarian methods of control already.

No compromise or half-way measures can adjust the difficulties. The choice is between regimentation and inflation.

Germany made the choice of no inflation, but they had regimentation and totalitarian methods of control. In every country where the debt continued to go up they have wound up with one or the other, either inflation or regimentation. We have evaded making a decision on this problem for a long time.

Here is what Harold Moulton, of the Brookings Institution, says about it:

The foregoing analysis (the new philosophy of public debt) serves to disclose the gravest danger with which the United States is now confronted. Unable to, unwilling to, perceive basic inconsistencies, or to choose between clear-cut alternatives, we drift toward the deep financial waters from which there is no return other than through repudiation in one form or another.

This controversy gives this Congress a chance to retrieve these controls and may save us from later having to make the dangerous choice of repudiation in one form or another. There is no other out. It is regimentation or inflation if we continue to spend our savings and capital funds over the rest of the world.

I have the conviction that this Congress should set up controls over our financial system, so that when our veterans come back and when their widows and orphans come up to the public treasury they will find there for them the pensions and the payments promised. I do not want to have happen to them what happened in Germany after the last war, when their veterans sold the gold braid off their uniforms, their household furnishings and their personal effects in order to get food for their children.

In rejecting at this time the philosophy of unlimited spending, this Congress will be giving our soldiers concrete evi-

dence that at long last, their elected representatives are taking a serious interest in bringing under control the reckless spending of this administration.

Mr. Chairman, answering the questions raised by the gentleman from Texas [Mr. PATMAN], "What does the gentleman mean by 'new philosophy of public debt'? Who has announced that new philosophy, and what authority had they to represent the administration?" Earlier in my remarks I offer the following:

The National Resources Planning Board, official agency of the administration some time ago, with respect to the broad field of economic and social planning, in its pamphlet entitled "Full Employment—Security—Building America," outlined an extensive post-war agenda. In the section entitled "Plans for Financing and Fiscal Policy," one finds in the list of issues raised no reference to a balanced Budget or control of the growth of the public debt. On the other hand, the Board asks, among other things: First, what policies should determine the proportion of required Government outlay which should be met by taxation and by borrowing; and, second, what special methods of financing, such as non-interest-bearing notes, might be used?

It is evident from these questions that it is assumed that a substantial portion of the Government's funds would permanently come from borrowing operations.

Of the numerous individuals within the Government who are advocates of the new philosophy, the most outstanding has been Alvin H. Hansen, lately special economic adviser to the Board of Governors of the Federal Reserve System.

The scope and character of Mr. Hansen's conception are indicated in the following excerpts from his various writings. In a signed pamphlet issued by the National Resources Planning Board he expresses himself thus:

Every cent expended, private and public, becomes income for members of our own society. Costs and income are just opposite sides of the same shield.

In other publications we find the following:

We shall come out of the war debt free. We shall have no external debt, only an internal debt.

A public debt, internally held * * * has none of the essential earmarks of a private debt. A public debt is an instrument of public policy. It is a means to control the national income and, in conjunction with the tax structure, to regulate the distribution of income.

An internal debt is in fact so different from what we commonly think of as debt * * * that it should scarcely be called a debt at all.

That Mr. Hansen believes it is not only unnecessary to maintain a balanced Budget but that a permanently expanding public debt is essential to prosperity and full employment is indicated by the following:

The attack on chronic unemployment by means of public expenditures financed by a continually rising public debt is essentially a conservative proposal.

Note: The source of much of my remarks this afternoon is contained in a booklet published by the Brookings Institution entitled "The New Philosophy of Public Debt."

(Mr. BUFFETT asked and was given permission to revise and extend his remarks.)

LEGISLATIVE BODY—CONGRESS—DETERMINES GOVERNMENT POLICY ON PUBLIC DEBT

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I object to anyone's saying what the new philosophy or the philosophy of the public debt is without giving consideration to the expressions of the legislative body in this country, that determines what that policy shall be. I do not think it is right to take quotations from some person who happens to be connected with a Government bureau or agency and point to them as determining the philosophy of the public debt or any other philosophy. We should look to the proceedings of the Congress, the legislative body that is elected by the people of this country.

I do not believe there are any Members in either House of Congress—in this body or in the other body—who can be charged even indirectly with trying to destroy the private enterprise system in this country or the American way of life. Who are they? You do not know who they are. You are not willing to point one out. They are not here. Read the proceedings of Congress and determine for yourselves. The Members of Congress believe in the competitive system, the private-enterprise system, the American way of life. All this talk about there being some conspiracy or clique or plan or organization within the Congress trying to destroy the American way of life, I think, is loose talk, because, when it comes to pointing out the people who are guilty, you cannot do it. When you want to determine the policy of this Government, go to the accredited proceedings of the Houses of Congress and there you can determine that policy. I want to deny now that there is any new philosophy about the public debt, in favor of spending without reference to need and spending without reference to the size of the debt. The only philosophy I know is the philosophy that we spend just as little as we can, and to win the war, but at the same time not be stingy about it, but to spend every dime which is necessary, regardless of the cost, to save human lives first. We want to spend as little as we can on things not having to do with the war.

PHILOSOPHY OF NATIONAL DEBT

We want to pay this debt off just as quickly as possible. That is the only philosophy I know. I do not know of any other person—I do not know of any person—who has the right to speak for Congress or those in authority in this Government who has announced any different philosophy from that.

DEBT, 10 TIMES HIGHER IN 1944 THAN IN 1932, EASIER FOR PEOPLE TO PAY

This administration has done more to make it possible for this national debt to

be paid than any other administration that has ever been in power in Washington. In 1932 the debt was just one-tenth of what it was in 1944. The interest on that small national debt, however, was harder for the people to pay than it was in 1944 when the debt was 10 times as much. May I point out to you that this administration has been reducing the interest on the national debt from an average of about 4 percent during the 12 years preceding Mr. Roosevelt to the point now where the average interest rate paid on Government bonds and securities is 1.9 percent. Therefore, the debt, although 10 times as high in 1944 as in 1932, costs the people only 3 times as much in interest. So instead of trying to create a new philosophy which some people would have you believe would cause us to go into debt for an undetermined amount without any concern, a policy has been adopted which will enable us to pay off a huge national debt even though it should run to \$300,000,000,000 when this Second World War is over, or even more than that. Therefore, it is an entirely different philosophy.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. The gentleman, I know, has given much study to the question of finances and the national debt. Can the gentleman tell at this stage of the discussion what the national debt was when this war broke out in December 1941? Have you those figures available?

Mr. PATMAN. I do not know just what the figure was. It was something less than \$50,000,000,000. You see, the country was wrecked in 1932. May I call the attention of the Members to this astounding fact, the entire national income of the people in 1932 was less than the people paid in taxes in 1944.

Mr. ZIMMERMAN. The statement was made today that our children and our children's children will be worrying about this New Deal debt of \$300,000,000,000. The gentleman agrees, I am sure, that most of that money has been spent in the prosecution of this war and it has been an expenditure of money supported by the American people as a whole, irrespective of party.

EASY TO CRITICIZE, DIFFICULT TO CONSTRUCT

Mr. PATMAN. And by our friends, the members of the Republican Party on the opposite side of the aisle. I do not know of a single large appropriation bill that did not receive a majority of the votes on that side. Which one of these bills should not have been passed? I do not know. Of course, it is easy to criticize. It is difficult to construct. But the fact is that we are not trying to fight a cheap war.

USE MACHINES INSTEAD OF MEN

We do not want to send a man against the enemy, in a place of danger where his life may be taken, if a machine can be sent there instead, regardless of the cost of that machine. It is true we have spent billions of dollars to try to save the lives of the finest soldiers on earth. By spending that money we have saved a

great many lives, and by reason of that, more of these fine young American boys will return to their homes and firesides in America.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. VORYS of Ohio. The gentleman mentioned with pride the fact that our tax burden is as great as the entire national income was in 1932. Is the gentleman boasting about that?

Mr. PATMAN. No; I was deploring the fact that the country was so wrecked in 1932 that the national income was not as much then as the people were able to pay in taxes in 1944.

Mr. VORYS of Ohio. The reason the people could pay those taxes in 1944 is because of this inflated income caused by war spending, is it not?

POLICY OF LIVE AND STARVE

Mr. PATMAN. Well, some of it is, yes. Of course, it is entirely out of proportion. The national income is up now. Then we had a policy of permitting people to live and starve. We do not believe in that policy. We believe in permitting people to live and prosper and have the things they should have. That is the philosophy in which we believe.

Mr. VORYS of Ohio. The gentleman then approves of this gigantic national income caused by war spending, which is based on deficit financing?

Mr. PATMAN. Oh, I want to keep up the national income. I want to pay off the national debt just as quickly as is possible. In fact, I will vote for higher taxes right now, because every time we pay a dollar in debt now, we save \$2 in the long run, because when you borrow that money you will have to pay a dollar in interest by the time the debt has been paid.

Mr. VORYS of Ohio. Let me get the gentleman clear. We are not paying off any debt at all. We are piling it up.

Mr. PATMAN. That is very true; on account of the war.

Mr. VORYS of Ohio. The gentleman asked someone to point out somebody who had approved of deficit spending here in Congress.

Mr. PATMAN. Oh, I did not say anything about deficit spending. The gentleman is entirely wrong in that. I did not use the phrase "deficit spending" at all.

Mr. VORYS of Ohio. The gentleman has just been giving high praise to deficit financing, compensatory spending, the dynamic debt theory working in war.

WHICH NEW DEAL LAWS ARE SO BAD?

Mr. PATMAN. No; I am just taking the situation as it exists and trying to comment upon it in the best way I can. I am not defending and do not endorse deficit spending if it can be avoided.

So, the New Deal laws that they talk about being so bad—

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. PATMAN. What are those New Deal laws? Our friends on the Republican side voted for every one of them. The Republican Party could very well be

called a New Deal party, because they voted for all the New Deal laws. I do not believe the leader on the Republican side could name one New Deal law that the Republicans voted against, or would be willing to repeal if they came into power.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. PATMAN. I will yield if the gentlewoman will give me some more time.

Miss SUMNER of Illinois. I will yield the gentleman a minute. I think the gentleman should not forget that in 1939, the Republican Party voted unanimously against the \$7,000,000,000 pump-priming bill, and the next day business started back up.

Mr. PATMAN. 1939? Oh, that was just a temporary appropriation measure. I am talking about real, basic, fundamental laws, New Deal laws. I would like the lady to name one she opposed.

Miss SUMNER of Illinois. To us \$7,000,000,000 is real money.

Mr. PATMAN. I know, but that was just a temporary proposition. I am talking about basic laws, permanent laws. Name one of them the lady opposed, so-called New Deal laws. I am willing to yield to her.

Miss SUMNER of Illinois. To do that would take the rest of the afternoon.

Mr. PATMAN. No; name just one of them.

Miss SUMNER of Illinois. Very well, beginning with last week, the agricultural census bill.

Mr. PATMAN. No, not last week; start with 1933 when the New Deal came into power and name any New Deal laws that the lady would repeal.

Miss SUMNER of Illinois. I was not a party to that.

Mr. PATMAN. The gentlewoman would not be a party to repealing any of them, nor have I ever seen any bill that she has ever introduced seeking to repeal any of them. Neither would the American people be a party to repealing them.

PEOPLE BEHIND PRESENT ADMINISTRATION

The American people are behind this administration. For the last 12 years we have had but 1 candidate running on the Democratic ticket for President and we have been breaking all records. In 1932 our friends received only 59 electoral votes at the election; in 1936 they received only 8 electoral votes; in 1940 they received 82 electoral votes; in 1944 our candidate, President Franklin D. Roosevelt, running the fourth time, broke all records and the Republicans received only 99 electoral votes. If all those electoral votes were rolled into one they would have received in those 4 elections combined 18 electoral votes less than the 266 electoral votes required to elect a President of the United States one time.

I believe in a constructive, militant minority party, but why just criticize all the time? Why not help us construct? And then if we make mistakes show us how those mistakes can be corrected.

Mr. BUFFETT. You made one last week.

Mr. PATMAN. Speaking about the inflation the gentleman mentioned—

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

(Mr. GIFFORD asked and was given permission to revise and extend his remarks.)

Mr. HALE. Mr. Chairman, will the gentleman yield for a question?

Mr. GIFFORD. I yield.

Mr. HALE. The gentleman from Texas expressed with apparent pride the fact that the return to those who lend money to the Government has been constantly diminishing. Would the gentleman care to comment on that?

Mr. GIFFORD. Interest on Government loans?

Mr. HALE. Yes; the gentleman commented on the delightful fact that the rate of interest on the Government debt was going down so that anybody who wished to lend money to the Government now would get a much lower rate than he formerly got. I should like to have the gentleman comment on that.

Mr. GIFFORD. Yes; I have often commented on that, and I may make some more pleasant comments today. This has been a pleasant debate thus far. It reminds me of the old days during the debate on the reorganization bill when so many of you did not really want to vote for it. What a day that was! You who were here then will remember that the Speaker and the majority leader charged our side with unadulterated politics. Thereafter many of you collapsed under the party whip and the reorganization bill went through by a scant majority. Today we see what can and does happen under that act by which we authorized the President to manipulate and transfer the functions of government as he pleases. We are now told that Mr. Crowley holds all the common stock of the Export-Import Bank, under Executive order. The President may later turn it over to Henry Wallace or to anybody else. We had best pass some restrictive legislation to curb this dangerous power. It was called unadulterated politics when we opposed that highly dangerous delegation of power. I rather think that today there are quite a few Democratic votes that would be cast with the Republicans, but the party whip is very persuasive. But your leader took the floor and shouted "unadulterated politics." I have never seen such a clear case of unadulterated politics in my 22 years here as is now demonstrated by the majority party, beginning with the President's letter acknowledging the great political debt owed to Mr. Wallace.

Will you now seek to aid him in paying that debt in the fashion contemplated?

Unadulterated politics. I do recall that "the pot called the kettle black," as you are doing today. Now, do not challenge me because the facts speak for themselves.

The gentleman from Texas spoke about majority votes. Of course, you had the majority of the votes. We did not make any bid to Earl Browder to join us. I

read the other day a statement which appealed to me somewhat, namely, that "all who were with Roosevelt were not crackpots, but all crackpots were with him." Do not take too much pride in such a victory. I have seen communities where good men ran against each other, but there were a certain number of "gimme" votes to be won over. The candidate who promised them the most would get those votes, and would be elected. I would not take too much pride in this vast sum of money as described by the gentleman from Texas. There are now about \$161,000,000,000 available and spendable. Do you really think you will avoid inflation? You had better worry a little about it. It is probably too late to put up the warning signs.

There were so many wrecks at a certain place on the coast that it was decided to erect a lighthouse. Afterward one Indian said to the other, "The light she shine; the bell do ring; the horn go 'whoop-whoop'; but the fog he come in just the same." The fog generated by the huge public debt and other New Deal spendings will come in just the same, in spite of your whoops in favor of bills of debt-created money and low interest rates—so low that the people will not desire to hold the securities.

The gentleman from Texas would even manufacture money for the Government to pay its bills. I am thankful that my country does borrow the money, even though it pays our people such a low rate of interest. There is at least a due date on bonds. They will have to be paid or be renewed. But if we should simply print money, we might well wonder what provision we would make to retire it. I would not want to boast about all this debt-manufactured money and so-called deficit spending. Rather should we worry about it. We may erect lighthouses to guide us on the way, but the fog will come in just the same.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Texas.

Mr. PATMAN. I hope the gentleman does not think I am boasting about it?

Mr. GIFFORD. I hope not, but it rather sounded like it.

Mr. PATMAN. I was simply deploring the situation.

Mr. GIFFORD. The gentleman has a queer way of deploring.

Mr. PATMAN. When the Democratic Party came in power there was a deplorable situation and we are fighting the war now by using money and machines as much as possible in order to save the lives of American soldiers.

Mr. GIFFORD. Yes; hark back to those happy days of 1932 when Roosevelt after his election refused to cooperate with Hoover. I might like to take the time to picture those 4 months before President Roosevelt assumed office. We knew the conditions prevailing in the previous October and even in November. The banks were not closing then. Just why did the banks close? What made Senator GLASS refuse to accept the offer of the Secretary of the Treasury? He suspected what the newly elected President had in mind regarding finance.

History should, and will show what brought about those very unhappy days of finance in February 1933.

Mr. ROE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. With the greatest of pleasure. Am I wrong?

Mr. ROE of Maryland. There were 2,293 banks closed in 1931.

Mr. GIFFORD. That may be so. At that time many small mushroom banks were created in many States. Now we guarantee bank deposits. They should not fail any more, should they?

Mr. ROE of Maryland. I do not think so. The guarantee bank deposit law is one of the finest laws we ever passed.

Mr. GIFFORD. That may be. It will take some time to prove it. The several States that tried it failed miserably in that endeavor. "The fog will come in just the same."

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Our friend tries to convey the impression that credit is due to the New Deal or the Democratic Party. The fact is the President himself opposed the very amendment offered by Senator VANDENBERG.

Mr. GIFFORD. Indeed he did; but our Democratic friends want you to forget that. The sins of the Democratic Party are extremely heavy when compared with the Republican Party. If we delved into the past what an indictment might be brought.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. The F. D. I. C. only guarantees that the bank give back to a depositor the number of dollars he deposits in that bank. The F. D. I. C. does not guarantee any value whatsoever. It guarantees no purchasing power, and any government can guarantee its banks in that way because all it needs to do is to print more money to make good. The country ought to realize that that is what this F. D. I. C. amounts to.

Mr. GIFFORD. I did not intend to talk along this line, but the debate thus far makes it an enticing subject. We Republicans have so little to be ashamed of in connection with the recent national election. Certainly we do not have Earl Browders and other rather reddish followers to whom we are indebted. If that is the kind of election you want to boast of, keep it up. As you state it, "It was the voice of the people." We can only ask, "What people?" I really do not believe you enjoy the jubilation of the Daily Worker. You probably now read it. Are you really proud to have the Daily Worker so enthusiastically on your side? I think a great deal of the Democratic Members of this House. I have lived so long with you. You are conscientious, you are honest, but it seems you are forced to be real politicians at the crack of the party whip. If today there is unadulterated politics, it is on your side, beginning with the President's letter to Mr. Jones. I did want to talk a little

about the Export-Import Bank, although none of us knows much about it.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Certainly. I have been hoping the gentleman would interrupt.

Mr. McCORMACK. What did the gentleman say about "unadulterated politics"?

Mr. GIFFORD. You shouted it first early in the debate.

Mr. McCORMACK. Sure. I said the great majority on the gentleman's side, or practically all, were engaging in unadulterated politics. Does the gentleman deny that he ever engaged in unadulterated politics?

Mr. GIFFORD. Oh, many times "politician" simply means "statesmanship."

Mr. McCORMACK. Ah, but my good friend qualified as a statesman one day when he made a speech against a bill and the next day got up and made a speech for the bill, and said that reluctantly he had to vote for it. That is a real statesman.

Mr. GIFFORD. Oh, but "consistency is the product of little minds, some educators and divines." I can often be convinced of error.

Mr. McCORMACK. The gentleman admits that he has a big mind, and I admit he has, also. I never took a position to the contrary.

Mr. GIFFORD. I am so glad the gentleman said that I had a big mind. One thing I have not got is a swelled head, nor anything approaching it. I am an example of complete humility.

The Export-Import Bank was to be my topic of discussion. However, the gentleman from Michigan covered that subject very well, indeed. I have no criticism at the moment of their past activities, as I know too little about the matter. But we should inform ourselves as to what they are doing. How large do they want to grow? Are we not aware that there is great danger in granting long and large credits to other nations?

They have told us that Mr. Crowley owns the bank. However, Mr. Pierson is its president. They will be asking, I think, for some \$7,000,000,000. They now have seven hundred million. We should know how they are investing it. Of course, they are offering foreign countries, like Brazil, lower rates of interest than they can secure at home. By keeping interest rates down, we keep down interest rates on loans to all business. The plan is to give Henry Wallace all the money he wants and let the Government underwrite all loans to furnish 60,000,000 jobs. My Government has underwritten too much already.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Texas.

Mr. PATMAN. If the gentleman is opposed to the present rate, what rate of interest would the gentleman have the Government pay?

Mr. GIFFORD. I have said on the floor many times that 4 percent is a fair rate, and that is the rate Mr. Pierson claims is a fair rate, even for Brazil. He has loaned Brazil \$45,000,000 at 4 per-

cent, to have a steel industry built up. Brazil, mind you, seems to get an 18-year loan at 4 percent. Private banks cannot lend on that type of activity.

Mr. PATMAN. At 4 percent a \$300,000,000 loan would cost \$12,000,000 a year for interest alone. You would not have money for anything else.

Mr. GIFFORD. Do not quote figures to me. They can be arranged to lie so terribly. Statistics can be so arranged that we are easily misled. You generally arrange your statistics beginning with 1933, a very sick year. Begin with an average year? Seemingly you never do that.

Well, you are really good politicians. I do not seem to qualify. However, one can never convict me of being overambitious. When did I try to be ambitious in this body? I can say, "Mr. Leader, as long as I have known you, wonderful man that you are—we served together in Massachusetts—I have accomplished something that you could not seem to do. I have been here 22 years entirely unfettered. You must be living a dreadful life, because to want fame is purgatory, but to have it is hell itself."

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 2 additional minutes to the gentleman from Massachusetts.

Mr. GIFFORD. The gentleman from Michigan told you that the Export-Import Bank would be a corollary, probably, of the proposed huge international bank. You will probably want to keep them both. It certainly ought to be merged in that larger bank. It has loaned foreign nations money so that our exporters could get their money, but all have paid, I believe, but one—the Polish Government. I wonder if they can pay now.

Of course, debts are always current, because they generally renew the loans. You can always keep current with your bank if they renew the loans. When will the losses ever be shown?

Mr. COFFEE. Tell us a story.

Mr. GIFFORD. Very well. If we keep this Export-Import Bank, there probably will be a moratorium. We heard much of moratorium yesterday. We had a moratorium which released the foreign governments from their debt payments. The moratorium seems now to have meant the end of those debts.

The gentleman asked for a story. Here it is: The teacher was discussing a moratorium with his class. He told them that England owed us money, and that we granted a moratorium. He then asked a boy to explain. The boy did. He said, "A moratorium. The President sent the English King a bill for a debt he owed us, and he tore it up. The President sent the King another bill and he tore it up. He sent the King another bill, and he tore it up. The more he sent, the more he tore 'em up."

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Chairman, I do not wonder that the debate has gone rather far afield and that many subjects not under consideration have been discussed. I think that is the best proof that could be submitted that this bill, unanimously reported by the committee, should be unanimously passed by the House.

I make bold to maintain, first, that if the George bill had not been passed by the Senate and Mr. Wallace had been appointed and confirmed as Secretary of Commerce, he would not hereby have become Administrator of the Federal Loan Agency, and it would have taken a public resolution or law of the Congress before he could have been in charge of the loan agencies of the Government.

Secondly, I make bold to assert as I undertake the discussion of the bill under consideration that if the George bill is passed as reported by the committee and as passed by the other body and if Mr. Wallace is confirmed as Secretary of Commerce, he will have no more power or authority with respect to the Export-Import Bank than he had when he was Secretary of Agriculture before he became Vice President. Or to put it another way, if Mr. Wallace were now appointed Secretary of Agriculture instead of Secretary of Commerce he would have the same power and authority with respect to the Export-Import Bank that he would have if he were confirmed Secretary of Commerce and this bill were to pass.

A bare recital of the facts in connection with the Export-Import Bank will substantiate these statements. The bank was organized under the National Industrial Recovery Act, under Executive order of the President, February 2 and February 14, 1934. The Secretary of State and the Secretary of Commerce had the voting of the common stock and the R. F. C. voted the preferred stock under the Executive order which provided the common stock, the R. F. C. being authorized to provide the preferred stock.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. In just a moment I shall be glad to yield.

Mr. WOLCOTT. The gentleman made a misstatement.

Mr. WHITTINGTON. I want to make a connected statement as the gentleman did and my statements are correct. Then I shall be glad to yield.

Mr. WOLCOTT. The gentleman has misspoken himself.

Mr. WHITTINGTON. The gentleman is in error, as I shall show more in detail as I proceed. The Executive order established the Export-Import Bank which was approved by Congress in 1935 and was amended by Congress in 1940. The bank as originally organized was under the reorganization placed in the Federal Loan Administration. The Reconstruction Finance Corporation and other agencies were placed under the Federal Loan Administrator under that Reorganization Act in 1939. Mr. Jones was appointed Secretary of Commerce in 1940. He was the Administrator of the Federal Loan Agency and that agency continued for 2 years as such with him

as administrator by virtue of an act of Congress before it was transferred to the Department of Commerce.

In 1943, while the other agencies of the Federal Loan Administration remained in the Department of Commerce, the Export-Import Bank by Executive order was transferred to the Office of Economic Warfare and that office was reorganized as the Foreign Economic Administration some 2½ months thereafter.

When this bank was originally organized there were the Departments of State, Agriculture, and Commerce named or represented on the board of trustees or as stockholders. Today that same situation obtains and there are representatives from those Departments among the 11 trustees. At the present time the entire common stock and the entire preferred stock is voted by Mr. Crowley, the Administrator, and he names the 11 trustees, he being the chairman, and appointing the other 10. So that I assert if this bill passes, Mr. Wallace would have no more power or authority as Secretary of Commerce than he had when he was Secretary of Agriculture prior to 1940. Moreover, I assert as I now read the public resolution that Congress passed September 13, 1940, providing for the combining of the offices of Secretary of Commerce and Federal Loan Administrator, Henry Wallace under that resolution could not be Secretary of Commerce and Administrator of the Federal Loan Agency without congressional authorization, as the said Public Resolution 97, passed by Congress in 1940, is personal to Jesse H. Jones, and this resolution is as follows:

That notwithstanding any provision of law to the contrary, Jesse H. Jones, Federal Loan Administrator, may continue in such office and be appointed to, in the manner now provided by law, and may exercise the duties of the office of Secretary of Commerce: *Provided*, That the total compensation to be paid him as Secretary of Commerce and as Federal Loan Administrator shall be that provided by law for the Secretary of Commerce.

Under the administration of Mr. Crowley, he names the trustees and he names the representatives from the Commerce, the Treasury, and the Agriculture Departments, and the Department of State, and he names the other six trustees. So that Mr. Wallace, as Secretary of Commerce, if this bill passes, as it should, will have one vote. I am one of those who assert that the Federal Loan Agency should be continued as an independent establishment; that the President of the United States and the Congress of the United States made a mistake in approving a consolidation, at the request of Jesse Jones. Having made the mistake, the purpose of this bill is to provide now that that agency be placed just where it was when it was transferred to the Department of Commerce, and provide for an auditing of Government corporations.

Mr. WOLCOTT. Will the gentleman yield?

Mr. WHITTINGTON. Not now. I will yield after I have finished my statement.

What about the Export-Import Bank? There are now outstanding approximately \$220,000,000 in loans unpaid. Approximately \$485,000,000 in loans have been made, and \$256,000,000 have been repaid. Under the terms of the law, if this bill passes reestablishing this as an independent agency as provided by the Reorganization Act of 1939, Mr. Wallace would be one of eleven voting on loans by the bank.

Let us analyze the situation. I assert that under the terms of this bill, which the gentleman from Michigan [Mr. Wolcott] voted to report favorably, and against which I have not heard a voice raised in the debate this afternoon, this agency will be placed where it was when it was transferred to the Department of Commerce, as an independent establishment.

Mr. WOLCOTT. Will the gentleman yield, now?

Mr. WHITTINGTON. I yield for a question; not for a speech.

Mr. WOLCOTT. I asked the gentleman to yield; not to take issue with him but to correct a misstatement.

Mr. WHITTINGTON. What is the correction? If I am in error I will be glad to be corrected.

Mr. WOLCOTT. The Secretary of Agriculture has nothing to do with this. The Secretary of Agriculture was never named as one of the incorporators.

Mr. WHITTINGTON. The gentleman is in error. I have before me the Executive order establishing the bank in 1934. I repeat that Daniel C. Roper, Secretary of Commerce, and Chester C. Davis, Administrator, Agricultural Adjustment Agency, were among the incorporators. I have before me a copy of the last annual minutes of the bank showing that the Departments of State, Treasury, Agriculture, and Commerce are represented on the board of trustees as they have been substantially from the original organization of the bank. At the same time the common stock was subscribed in the name of the Secretary of State and Secretary of Commerce, but the Department of Agriculture has always been represented either as incorporator or trustee.

Mr. WOLCOTT. But the gentleman said it was organized with him. That is what I am trying to correct. It does not say that the Secretary of Agriculture has anything to do with it. It says the Secretary of State and the Secretary of Commerce.

Mr. WHITTINGTON. I stated that the Executive order authorized the Secretary of State and the Secretary of Commerce to subscribe and vote the common stock. The preferred stock was voted by the Reconstruction Finance Corporation, and it really controlled, but substantially since its organization, and certainly since the approval of the bank by acts of Congress up to this good hour there have been 11 trustees and those 4 Government departments have been represented on the board of trustees. The Secretary of Agriculture, the Secretary of State, and the Secretary of Treasury did not ask to be named. The custom was for them to suggest representatives from their departments who were named. Evidently Jesse H. Jones as Secretary of the

Department of Commerce suggested that he himself be named instead of some subordinate in the Department. I repeat my statement that if Wallace is confirmed as Secretary of Commerce, he would have the right to name himself or a subordinate to be appointed as trustee by Mr. Crowley, which is the same right he had when he was Secretary of Agriculture before he became Vice President in 1940, but in any event the Department of Commerce would have but 1 vote out of 11.

The Department of Agriculture and the Department of Commerce were among the original incorporators and have been on the board of trustees ever since the bank was organized. If the bill passes, the policy would be continued. I believe this bill should be passed without amendment.

I extend by saying that the Export-Import Bank was organized under Executive Orders No. 6581 of February 2, 1934, and 6301A of February 14, 1934, the original incorporators being Daniel C. Roper, Robert F. Kelley, Chester C. Davis, Stanley Reed, and Lynn P. Tolley, all officials of the Government, both the Department of Commerce and Department of Agriculture being represented in the original incorporators, Secretary Roper representing the Department of Commerce and Chester C. Davis representing the Department of Agriculture. Both of these Departments have always been recognized on the board of trustees since the Export-Import Bank was established. Henry Wallace was Secretary of Agriculture at the time Chester C. Davis was Administrator, and if he had desired he could have been named as one of the incorporators as well as a trustee while Secretary of Agriculture, and he would have had the same power as he would have as the Secretary of Commerce, with or without the George bill, which bill of course should pass as the lending agencies should be divorced from the Department of Commerce or any other department of the Government.

In the Executive order under the National Industry Recovery Act \$1,000,000 of common stock for the Export-Import Bank to be voted by the Secretary of State and Secretary of Commerce was provided. The Reconstruction Finance Corporation as authorized by Congress subscribed \$174,000,000 preferred stock, and with equal voting the Reconstruction Finance Corporation controlled.

The Export-Import Bank, organized under the laws of the District of Columbia, was approved by Congress by the act of January 31, 1935, and Public 792, approved September 26, 1940.

For some 10 years there have been 11 trustees, and the Departments of State, Treasury, Commerce, and Agriculture have been represented. While Secretary of Agriculture, Mr. Wallace might have suggested himself as trustee up to the time when he became Vice President in 1940, just as Jesse Jones suggested himself as the representative from Commerce, although the Departments of State, Treasury and Agriculture had always been represented by a subordinate official.

Under the Reorganization Act of July 1939, the Export-Import Bank was placed in the Federal Loan Agency.

Under Executive Order 9071, February 24, 1942, the Federal Loan Agency was placed under the office of the Secretary of Commerce.

Under Executive Order 9361 of July 15, 1943, the Export-Import Bank was transferred to the Office of Economic Warfare, and under Executive Order 9380 of September 25, 1943, the Office of Economic Warfare was reorganized into the Foreign Economic Administration. Under the Executive order, paragraph 2 thereof, all of the capital stock, including the stock originally held by the Secretary of Commerce and the Secretary of State under the Executive order establishing the bank and the preferred stock, were transferred to the Foreign Economic Administration. Since September 25, 1943, the preferred and common stock under authority of the Executive order have been voted by Hon. Leo T. Crowley, the Administrator, and he has appointed the other 10 trustees. The trustees approve the loans. The Secretary of Commerce would have one vote. He would have, I repeat, the same vote he would have had if he had named himself as Secretary of Agriculture before he became Vice President in 1940.

It took a public resolution by Congress, as I have pointed out, passed September 13, 1940, to provide that Jesse H. Jones as Federal Loan Administrator could be Secretary of Commerce. The act is personal. It does not provide that the Loan Administrator may be Secretary of Commerce, but it stipulates that Jesse H. Jones might serve as Secretary of Commerce. I therefore repeat my statement that if the George bill had not passed the Senate and Henry Wallace had been appointed Secretary of Commerce, it would have taken a public resolution to provide that he be both Secretary of Commerce and Farm Loan Administrator. Congress would again have to provide for combining the two offices. It made a personal combination in the case of Jesse Jones inasmuch as the act of 1940 was personal to Jesse Jones.

If Congress made a mistake in 1940 in providing for one man holding the position of Secretary of Commerce and Federal Loan Administrator, it was at the request of Jesse H. Jones. That mistake should now be corrected.

While I do not agree with the economic views of Henry Wallace, I want to be fair. I do not want to be picayunish. Nor do I want to be mean. The Secretary of Commerce and the Secretary of Agriculture have been represented in the original incorporation of the Export-Import Bank, Secretary Roper of Commerce and Chester C. Davis of the Department of Agriculture being among the original incorporators, and the Department of Commerce and the Department of Agriculture have been represented as trustees down to the present date. It is common knowledge that the representative is named by the head of the Department. Secretary Wallace could have named himself at any time before his term of office as Secretary of Agriculture expired.

As matters stand, the Export-Import Bank is under the administration of Leo

T. Crowley. Under the George bill the Secretary of Commerce would have the same representation that the Secretary of Commerce has always had, whether that Secretary was Jesse H. Jones, Harry Hopkins, or Daniel C. Roper.

As I have stated, the Export-Import Bank has actually made loans aggregating approximately \$485,000,000 of which approximately \$256,000,000 have been repaid. There are outstanding loans today aggregating approximately \$220,000,000. Substantially one-half of the outstanding loans have been made to Brazil and to China. Substantially no additional loans will be made without further authority of Congress. Amendments to the Export-Import Bank Act could then be adopted, and provision to safeguard the loans of the bank could be made.

The purpose of the pending bill is to provide that the Federal Loan Agency shall be administered as an independent establishment. Amendments can be made when the Export-Import Bank amendments to increase the authorizations for loans or the powers of the bank are under consideration.

A mistake was made in combining the office of Secretary of Commerce and Federal Loan Administrator. The purpose of the bill is to correct that mistake. If corrective legislation is essential respecting either the Export-Import Bank or Reconstruction Finance Corporation or other banking agencies owned by the Government, such amendments should be considered on their merits. The proposed Export-Import Bank amendment is partisan and is intended to embarrass the President of the United States in the exercise of his executive functions.

Additional legislation with respect to Government loan agencies and with respect to auditing Government corporations is necessary, but hearings will have to be conducted so that Congress may be fully advised in the premises. The bill is being considered under an open rule. While there were no hearings by the House Committee on Banking and Currency, there were hearings in the Senate, and these hearings are available to the House in accordance with the custom that obtains. A repetition of the hearings was wholly unnecessary. I trust the bill will pass without amendments that would cripple and prevent the Federal Loan Agency being established as an independent establishment.

Mr. WOLCOTT. Mr. Chairman, I yield myself 1 minute. I simply asked the gentleman to yield to correct what I thought was a misstatement, when I thought the gentleman said the Secretary of Agriculture and the Secretary of State were instructed to organize the Export-Import Bank. I want to read from Executive Order No. 6581 in that respect:

The Secretary of State and the Secretary of Commerce—

The Secretary of Agriculture is not named—

are hereby authorized and directed to cause said Corporation to be formed, with such certificates of incorporation, and bylaws, as they shall deem requisite and necessary to define the methods by which the Corporation shall conduct its business.

Then further it goes on to say:

It is hereby further directed that any common stock in said Corporation standing in the name of the United States shall be voted by such person or persons as they—the Secretary of State and the Secretary of Commerce—shall appoint as their joint agent or agents for that purpose. Any vacancies occurring in the initial board of trustees shall be filled by the board of trustees, subject to the approval of the President of the United States.

The point is simply that the board as such never had any authority to delegate to anyone the voting stock; that under the President's Executive order which was frozen by an act of Congress continuing the Export-Import Bank, the President had no authority if he did issue any such Executive order—and I understand that he did not—to turn the voting power over to anyone contrary to the provisions of the Executive order which we froze in its condition then by the law which extended the life of the Export-Import Bank; and I want to read that for emphasis.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 1 additional minute.

The President in that Executive order stated:

It is hereby further directed that any common stock in such Corporation standing in the name of the United States shall be voted by such person or persons as they, the Secretary of State and the Secretary of Commerce, shall appoint as their agent or agents for that purpose.

And I defy the gentleman from Mississippi, or anyone else, to find anything whatsoever in any Executive order which authorizes Leo Crowley to vote the stock of that Corporation, or authorization of the President contrary to the terms of the act. The President surely would not do that.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I am sorry; I cannot yield.

The President surely would not have any authority to nullify or amend an act of Congress in that or any other respect.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HERTER].

(Mr. HERTER asked and was given permission to revise and extend his remarks.)

[Mr. HERTER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. THOM].

Mr. THOM. Mr. Chairman, the George bill has come to the House of Representatives with the unanimous support of the Banking and Currency Committee, accomplishing the separation of the loaning corporations that formerly were a part of the Federal Loan Agency from the Department of Commerce.

What controversy remains revolves about the desire of some members of the committee to secure the passage of

amendments to the George bill which will further delimit the activities of the Secretary of Commerce.

It is obvious that the proponents of these amendments realize that the confirmation of Henry A. Wallace is a foregone conclusion, and it is the desire to reduce the activities of the Department as a specific curb on Mr. Wallace.

I shall address my remarks largely to the proposal that the Secretary of Commerce shall be stripped of his relationship to the Export-Import Bank.

The Secretary of Commerce is now 1 of the 11 trustees of the Export-Import Bank, an institution of New Deal origin that in 10 years of existence has had profits of \$35,000,000 and is now operated by a force of some 70 persons. That news ought to gladden the heart of some prophets of doom and destruction.

It is my contention that the Secretary of Commerce is rightly a trustee of this institution, and that the very purposes of his Department—the enlargement of the foreign trade of this country—dictate that he should have a voice in the management of this bank.

Of the 11 trustees of the bank now in office, 1 represents the Department of State, another the Treasury Department, another the Reconstruction Finance Corporation, another the Department of Agriculture, another the Foreign Economic Administration, and another the Department of Commerce. All these departments have a direct and vital interest in the development of foreign commerce, and each trustee from the scope of his departmental duties can give experienced advice in the management of the bank.

It is therefore the purpose of some to exclude the Secretary of Commerce from an institution in which he has a prime and essential interest.

Presiding over the Department of Commerce, the Secretary now directs the Bureau of Foreign and Domestic Commerce, which gathers information about business in every part of the world, studies trade outlets for American products, examines foreign exchange problems, and collects credit information about business houses.

Describing the official duties of this Bureau, the Congressional Directory says:

The Bureau continues to bring specific foreign-trade opportunities to the attention of businessmen throughout the United States and its Territories and possessions and has available detailed facts regarding individual foreign firms. It makes studies of foreign transportation and communications and furnishes information to shippers regarding freight rates and facilities to enable them to route shipments advantageously. The Bureau facilitates also the amicable adjustment of commercial disputes and misunderstandings arising between foreign traders in the United States and their clients in foreign countries. It aids in the protection abroad of American industrial property, such as trade-marks and patents. It investigates world stocks of raw materials and is constantly in touch with the course of price trends of commodities of international trade.

Foreign businessmen visiting the United States are aided by the Bureau in establishing suitable contacts with proper American firms.

This information, so valuable to experts who are studying the soundness of

proposed loans, is now used regularly by the Export and Import Bank. Its service is utilized because the managers of the bank wisely determined that it would be a waste of money to set up a duplicate branch in the bank.

Examination of applications for loans and their acceptance or rejection is the work of a set of men of long experience in foreign trade who know the credit records of foreign banks, and who have the judgment to decide whether the credit of foreign merchants is acceptable. A small and competent set of men drawn from great financial institutions of the country engaged in foreign trading perform this work for the Export and Import Bank. Their work, as evidenced by the balance sheet of the bank, would demonstrate their competence even to the satisfaction of the chronic critics of the New Deal.

It is true that the board of trustees of the bank, like in every banking institution, finally approves or disapproves of contemplated loans.

And it is also true that the Export and Import Bank, being organized under the banking laws of the District of Columbia, is subject to regular examination, as is the national bank in your home town, by the Comptroller of the Currency.

It is true also that the Export and Import Bank is subject to examination by the General Accounting Office.

In the light of these facts, the movement to remove the Secretary of Commerce from this board is picayunish and political; and, if successful, will accomplish nothing in the interest of wise management of the bank.

If we are to deal with personalities, it is well to remind the House that Henry A. Wallace, during 8 years as Secretary of Agriculture, presided over bureaus in that Department which loaned some \$6,000,000,000 to farmers of the country in their days of desperation. Some of the representatives of these farmers now want to curb him from the right of being 1 of 11 trustees to make export loans that, under present law, cannot exceed \$700,000,000.

Add this to the fact that Mr. Wallace is the founder and stockholder of a business that does an annual business of \$1,000,000 and you have sufficient qualifications to qualify him to be 1 of the 11 trustees of the Export-Import Bank.

I shall recall from our history an incident that parallels the present fight on Mr. Wallace.

When the United States Senate rejected the nomination of Martin Van Buren for Minister to Great Britain, Andrew Jackson said for the ears of the Members of that body: "They have broken a Minister and elected a President of the United States."

What the friends of Mr. Wallace might not be able to do, his enemies are on the way of accomplishing.

(Mr. WHITTINGTON asked and was given permission to revise and extend his remarks.)

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. SMITH].

(Mr. SMITH of Ohio asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Ohio. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, the President's message to Congress on February 12 recommending that Congress enact into law the Bretton Woods proposals is, to say the least, a remarkable document in that it grossly misstates facts.

After delineating in broad general terms the investment features of the Bretton Woods proposal for an international bank, the President refers to the fund proposal in respect of which he says:

We all know, however, that a proposed world economy must be built on more than foreign investment. Exchange rates must be stabilized, and the channels of trade opened up throughout the world.

* * * the fund is a financial institution to preserve stability and order in the exchange rates between different moneys.

In the first place there is nothing whatever in the Bretton Woods proposal which really provides for stabilizing the currencies of member countries. It is true that one of the purposes of the fund is stated to be—

to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

But the proposal not only fails to provide any prohibition against a member country debasing its currency but actually provides that it shall be free to go as far as it wishes in this respect. Section 5 (f) of Article IV of the agreement provides that if the Fund is so satisfied it shall not object to a country debasing its currency because of "the domestic, social, or political policies of the member proposing the change."

Since domestic, social, or political policies provide the only possible reasons for any country to debase its currency, the field would of necessity be left wide open to all countries to do precisely as they pleased with respect to changing the par value of their currencies.

It is therefore clearly false to say that the Bretton Woods proposal for an international monetary fund contains anything which provides for stabilizing the currencies of the countries that became participants in the scheme.

Furthermore, to bring about stabilization of the currencies of members it would be necessary for them to balance their budgets and to live within their income. A balanced budget is an absolute prerequisite to the stabilization of the currency of any country. No slightest hint is given in the Bretton Woods proposal that even remotely suggests the need for balancing budgets as a requirement for stabilizing currencies.

The President says further:

It does not create a single money for the world.

This can be very misleading. Section 1 (a) of article IV provides as follows:

The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of

the United States dollar of the weight and fineness in effect on July 1, 1944.

What terms could possibly be used to state more plainly that there shall be created a single money for international transactions than those contained in this paragraph? It provides that the par value of the currency of each member shall be expressed in terms either in some unnamed unit of gold or in terms of the United States dollar.

Now, whether the par value of the currency of a member was expressed in terms of a gold unit or in terms of the dollar, the arrangement would of necessity eventuate in a single currency for the world, certainly for international financial transactions. The par values of the currencies of all member countries would be regulated by either a selected unit of gold or the dollar.

Should it be argued that the unit of value chosen to regulate the par values of members' currencies applies only to the transactions of the fund, that it would not involve those exchange transactions that took place outside the fund and that, therefore, the unit of account chosen by the fund would not become a single world money, the answer is that there cannot be more than one international standard of value. In fact, the Bretton Woods proposal takes care of this by vesting in the fund the power to regulate and control the world price of gold.

Furthermore, the way is left open in this paragraph for the adoption by the fund of Keynes' "Bancor," or Morgenthau's "Unitas," or any one of numerous other terms which have been suggested to designate the international unit of value.

The President, in his message, categorically denies that the scheme proposes to set up a "supergovernment," which also is untrue. The Bretton Woods proposal, even standing by itself, proposes the establishment of a world government. The body governing the fund would be vested with broad powers to pass legislation which would vitally affect the internal policies of the United States as well as other countries. Most of the decisions of the fund would be effectuated by a majority vote. Since the United States would have only 27 percent of the votes, the other countries would be in control, so far as this aspect of the apportionment of control is concerned. Article XVII provides for amendments to the proposals of the scheme. It provides for amending every provision in it with the exception of three, namely, the right to withdraw from the fund, the provision that no change in the members' quota shall be made without its consent, and the provision that no change may be made in the par value of a member's currency except on the proposal of that member. This last does not apply to the provision relating to making uniform changes in the par values of members' currencies.

In appraising the true significance of this proposal for an international monetary set-up, it should be realized first of all that the Congress of the United States would lose its power over our money which the Constitution vests in it. That power would go to the international body. The President, as the rep-

resentative of the United States, would be in control of 27 percent of that power. With respect to some of the provisions, he would have what might be termed veto power, but it must be realized that the purposes and general plan of the scheme are such as would make the President an integral part of the world body in a manner similar to that of a Congressman representing his particular district but at the same time also the National Government as a whole under the Constitution.

Here are a few examples of the power of legislation that would be given to the scheme.

The fund could by a majority vote amend article IV, section 1 (a), which provides that the par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944, and make the unit of value of the world whatever it pleased.

It is provided that a country may borrow from the fund an amount equal to its quota. This could be changed by a majority vote so as to make it possible for a country to borrow in excess of its quota.

The proposal provides for the payment of small interest charges on loans made by the fund. This could be stricken by a majority vote so as to reduce or even eliminate all interest charges. It should be recalled that Morgenthau's draft proposal contained no provision for interest charges.

By amendment the United States could be made to directly assume debts owed by Great Britain to India, Egypt, South American, Scandinavian, and other countries which amount to upward of \$12,000,000,000. It should be remembered that Morgenthau's two first draft proposals provided, at the suggestion of Lord Keynes, for the assumption by the United States of those debts.

Numerous other similar changes in the law which created this international scheme could be made by the international body.

Furthermore, President Roosevelt's statement that this does not set up a world government is not in harmony with the thought expressed by the father of this scheme, Lord John Maynard Keynes. In his proposal for an International Clearing Union, he says:

The Union might become the pivot of the future economic government of the world.

Without it other more desirable developments will find themselves impeded and unsupported. With it, they will fall into their place as parts of an ordered scheme.

The Union might set up a clearing account in favor of international bodies charged with post-war relief, rehabilitation, and reconstruction. But it could go much further than this. For it might supplement contributions received from other sources by granting preliminary overdraft facilities in favor of these bodies, the overdraft being discharged over a period of years out of the reserve fund of the Union, or, if necessary, out of a levy on surplus credit balances. * * *

The Union might set up an account in favor of any supernational policing body which may be charged with the duty of preserving the peace and maintaining international order. If any country were to infringe its properly authorized orders, the policing

body might be entitled to request the governors of the Clearing Union to hold the clearing account of the delinquent country to its order and permit no further transactions on the account except by its authority. This would provide an excellent machinery for enforcing a financial blockade.

The Union might set up an account in favor of international bodies charged with the management of a commodity control, and might finance stocks of commodities held by such bodies, allowing them overdraft facilities on their accounts up to an agreed maximum. By this means the financial problem of buffer stocks and ever-normal granaries could be effectively attacked.

The Union might be linked up with a board for international investment. It might act on behalf of such a board and collect for them the annual service of their loans by automatically debiting the clearing account of the country concerned. * * *

There are various methods by which the Clearing Union could use its influence and its powers to maintain stability of prices and to control the trade cycle. * * * If an international investment or development corporation is also set up together with a scheme of commodity controls for the control of stocks of the staple primary products, we might come to possess in these three institutions a powerful means of combating the evils of the trade cycle, by exercising contractionist or expansionist influence on the system as a whole or on particular sections. This is a large and important question which cannot be discussed adequately in this paper; and need not be examined at length in this place because it does not raise any important issues affecting the fundamental constitution of the proposed Union. It is mentioned here to complete the picture of the wider purposes which the foundation of the Clearing Union might be made to serve.

In line with Lord Keynes' suggestion for world government, the President recommended in the message here referred to the following:

The establishment of the food and agriculture organization of the United Nations, broadening and strengthening of the Trade Agreements Act of 1934, international agreement for the reduction of trade barriers, the control of cartels and the orderly marketing of world surpluses of certain commodities, a revision of the Export-Import Bank, and an international oil agreement—

And so forth.

Mr. REED of New York. Will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from New York.

Mr. REED of New York. It seems to me that boiled down to the lowest common denominator, it is simply a case of setting up either a fund or a bank in which the borrowers control the bank.

Mr. SMITH of Ohio. Indeed that is the case. The borrowers would have a majority of votes and would be in absolute control of the lending policies.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. SMITH] has expired.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, I am sorry that this procedure seems to have degenerated, shall we say, in large measure, into a political controversy.

I mentioned on the outside that I thought I would ask for a little time. In talking to a friend of mine he advised me not to go into politics. He said, "The Republican Party is dead, without prom-

ise of a resurrection unless they experience a new birth."

So I said, "In view of the fact that you may have something there, I believe I will refrain from entering into that controversy."

I do not know that it makes much difference, though I think it is pertinent to refer to it, that this is a Senate bill. This bill came to us from the Senate, voted as it was, by a majority of 74 to 12. If there is any political fact connected with the appointment of a Secretary of Commerce by the President of the United States, it would seem to have found its origin, at least, in the Senate.

Whether the bill came to us because of a feeling in the other body that it should be done anyway, or that some people would prefer the Federal lending agencies should be separated from the Department of Commerce on account of someone being suggested to that body for confirmation, or whether it came because its author had been thinking about it a year or two but just happened not to introduce the bill until a short time ago, I have not heard anybody object seriously to a divorce from the Department of Commerce of the lending agencies, many in number, comprehended under the Federal Loan Agency administration, including the Reconstruction Finance Corporation. So that probably we will all agree that however the bill found its way here, whatever the occasion was that caused its introduction and passage by the other body by an overwhelming majority, it is not a bad piece of legislation. It comes to us in that fashion. The Committee on Banking and Currency has received some little castigation. I do not mind that, although I am a humble member of that committee, because you know if a man thinks he is pretty nearly right and somebody who does not know anything about what he is talking about wants to criticize him, he can take that criticism very easily.

It does not disturb me at all. The trouble about this whole thing is—I am not going to say that with political design, but for some reason or other—we are not content to let the Senate work its own way in the confirmation of the President's nominee as Secretary of Commerce, but we want to put our hand into it and go to Bretton Woods, go to the Export-Import Bank, and drag things into the consideration here that have no place in this matter so far as the bill itself is concerned, or the appointment or confirmation of a Secretary of Commerce is concerned.

What right have we, the House of Representatives—put it upon any basis you wish—to say to the Senate: "Your bill is not right, your bill is faulty in that it is deficient"? And we want to go into the great ramifications of the operations of the Export-Import Bank at a time when that agency of the Government must deal particularly with international affairs affecting the post-war period, affecting the policy of the Government of the United States and its people with respect to our treatment of the rehabilitation of the world, or our

contribution to bringing it about. We say we will drag that into this bill which the Senate has sent us and the Banking and Currency Committee approved just as it came to us because it is largely a Senate matter, but we concede that it is a good bill; yet there is a proposal to add to it, on some pretext, agencies involving other problems of vast import.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield.

Mr. VURSELL. I cannot quite follow the reasoning of the gentleman from North Carolina. It has been my thought that in legislative processes the House is never supposed to accept a Senate bill—neither is the Senate supposed to accept a House bill—without the opportunity of offering amendments and changing the bill. I believe we are within our rights certainly and that we have a right to express our interest in the future of this Government by seeking to improve a bill which Members of the House feel can be approved by amendment.

Mr. FOLGER. Mr. Chairman, I believe I get the idea without any enlargement of it. No; I do not deny the right of the House to amend bills that come to it from the other body. These amendments were offered in committee and were voted down. I am making the point, however—take it from any angle you wish—that this bill, having originated in the Senate, affects the conduct of that body in that it involves a duty that they themselves are charged with and something with which you and I, under the Constitution, have nothing to do. It would, therefore, be presumptuous on us, highly presumptuous, to take a bill that is sent to us by that tremendous majority in the other body and undertake to add to it very serious enlargements that in actuality have no place in this controversy; and whether done for that purpose or not, it begins to affect the right of the Senate to pass upon the confirmation of the nomination of a man to be a member of the Cabinet of the President of the United States. The President sent his name to the Senate for confirmation, not to the House.

It is quite presumptuous on our part to undertake to stymie the purposes or to stop or to interfere with the Senate in the performance of the duties which the Constitution placed upon it by gumming up this bill. I do not think we ought to do it.

The bill ought to pass as it is written.

Mr. CRAWFORD. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, this legislation comes before us by reason of a very unusual and unnecessary procedure. The President of the United States has the authority to select the members of his own Cabinet, subject only to confirmation by the Senate. Regardless of whether Jesse Jones was an efficient Secretary of Commerce, the President still had the right to ask for his resignation and the right to recommend Mr. Wallace for that position. When the President sent his appointment to the Senate there was only one proposition to be consid-

ered, and that was whether the Senate would accept the President's recommendation and confirm Mr. Wallace's appointment.

The bill before us today is the result of an effort to evade the responsibility of approving the appointment of a man who was considered by nearly everyone to be incompetent to fill the very responsible position of Secretary of Commerce.

I have listened with interest to the debates this afternoon—those on the rule and also those in general debate. Our distinguished majority leader, the gentleman from Massachusetts [Mr. McCormack] raised the claim that this was a political issue as far as the Republicans are concerned. I am sure that it was more than a political issue with the Republicans, because usually the Republicans do not vote 100 percent at any time, but today they voted 100 percent in opposition to the rule which brings this bill up for consideration by the House at this time. The fact that the vote in another body of Congress on taking away from Mr. Wallace all power over these great financial institutions was about 6 to 1 proves conclusively that if there was any politics in this it was the politics that manifested itself in another body where as many Democrats voted in favor of taking this responsibility from Mr. Wallace as did Republicans. Whatever politics there is in this matter in either body of the Congress of the United States is the politics that manifested itself in resentment against the selection of a man for this very important position who has demonstrated in many ways his total incapacity to fill the place.

If it had not been for the opposition by the Democrats in another body of this Congress, Mr. Wallace would have been confirmed and this legislation would not be here today. They have laid aside the confirmation of Mr. Wallace until this legislation or some other legislation might be passed that would shear from him all powers over these great financial institutions and organizations.

The Reconstruction Finance Corporation is one of the Government's greatest financial agencies. I was a Member of this House when the bill setting up this great organization was passed. I took a very active interest in the setting up of this great organization and President Hoover showed his fairness by selecting as one member of the directing force of this organization a strong Democrat, who is none other than Jesse Jones. There was no politics from the Republican standpoint when Mr. Jones was appointed and there has been no politics, as far as the Republicans are concerned, in the management of the R. F. C.

There are other mighty agencies that have been built up that should not be the subject of political activity and should not be handled by incompetents, and especially by anyone who expects to hand out favors.

If it should develop that a majority of the Congress are in favor of passing legislation that will in effect take from the Secretary of Commerce the control over any and all these great financial institutions, then I hope that this bill

might be recommitted to the Banking and Currency Committee so that that great committee would bring forth a bill that would do the job. This bill will only do a part of what should be done. This only applies to certain financial institutions and is not complete in every respect. The Secretary of Commerce should be a Secretary of Commerce and not a money-lender or a financial representative of the Government of the United States. That work should be done by a special agency adequately equipped and ably represented.

Our great country has demonstrated its greatness more in the financial field than in any other way in the last 20 years. We are the greatest financial power in the world. After the war more will be expected of us than ever. All financial stabilization efforts wherever attempted in the world will take into consideration the power and the wishes of the United States. It would be dangerous to our financial structure and would be a terrible blow to our prestige as a nation to have an incompetent representing us on this important work. As the bloodstream is the life of the body, so finance is the real bloodstream of national life and progress. The values of all commodities and the practical things of life are measured in terms of money. National improvements in all nations of the world will depend largely upon the financial structure of the country in which the improvements are proposed. When the war is over these great financial institutions will move into places of prominence in national affairs. While the war is on the Army and the Navy occupy the front rank in our interest. The Army and the Navy, in order to win the war, must be destructive. Property must be destroyed and lives must be lost but in peacetimes the reverse is the program. Properties must be rehabilitated and lives must be rehabilitated. All these programs cost money.

It is too dangerous to place these great financial programs in incompetent hands.

I shall vote to recommit this bill, and I hope I shall be in the majority in that respect.

(Mr. JENKINS asked and was given permission to revise and extend his remarks.)

Mr. CRAWFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

(Mr. ROBSION of Kentucky asked and was given permission to revise and extend his remarks.)

[Mr. ROBSION of Kentucky addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, many charges have been made on this floor in the last few days against a great American, Henry A. Wallace. These charges have been intemperate and vague. No substantiation in the way of

facts have been offered to support them.

Can it be possible that his accusers are resorting to hysteria and calumny to bolster a cause which in their hearts they admit to be groundless?

Mr. Wallace has been labeled "visionary," "impractical," "wild-eyed dreamer," and other names of like character.

His accusers have not been specific in their accusations. I believe that Mr. Wallace has been uncommonly frank in stating his ideas. I challenge his accusers to attack his ideas and not the man.

His opponents may defeat the man at this time, but good ideas cannot be defeated. Good ideas live on in the minds of men long after their champion is gone. The following editorial from the St. Louis Post-Dispatch of January 25 presents a challenge to those who would destroy a man because of his good ideas:

WALLACE'S WILD AND VISIONARY IDEAS

We have carefully read the "wild" and "visionary" 6,500-word statement which the radical and "crackpot" Henry Wallace made yesterday before the Senate Commerce Committee. Then we read it again to find out who was crazy, Wallace himself or those who say that for him to replace Jesse Jones means the doom of our Republic.

Wallace thinks private enterprise—we repeat, private enterprise—can produce 60,000,000 jobs after the war.

He reasons this way: We are now producing goods worth two hundred billions a year, or twice as much as we produced before the war. He thinks if we can produce guns, ships, and planes we can also produce houses, cars, and clothing. How crazy is that?

This man has faith in America. He thinks that, since we led the world in establishing political democracy, we have also the stuff to lead it in establishing economic democracy. Well, haven't we?

However, Wallace does not think that the job of making 60,000,000 jobs can be tackled by 20,000 big enterprises alone; but that 3,000,000 small businesses must also produce jobs. If that's radical, Thomas Jefferson is revolving in his grave.

Wallace believes the future of the American worker lies in the well-being of private enterprise, and vice versa, and that working as a team they are unbeatable. What, no socialism, no communism?

In order to provide jobs Wallace says we must have great business expansion and this should be financed through private investment capital. However, in cases where special risks are involved, the Government should step in and guarantee the lender against loss.

This is exactly what the Government is now doing in the case of V loans, F. H. A. loans, etc. Maybe it should not guarantee against risks now and maybe it should not guarantee against risks after the war. So far as we could figure out, this part about guaranteeing private lenders against risk, in the interest of an expanding post-war economy, was the most radical thing in Wallace's speech.

Of course, America was built by risk takers, people who fondly embraced the inalienable right to lose their shirts. If we had a few men around like Bet-a-Million Gates, maybe Henry Wallace wouldn't have brought up the subject at all.

But to go on with a sketch of the radical Henry's ideas. He thinks private investors can gainfully lend twenty billions a year after the war.

New construction and expansion should provide 5,000,000 more jobs a year in this field than we had before the war.

In a nutshell, he thinks that if we are going to have jobs for all, we must have expanded private industry. This industry will be privately owned, privately operated, and privately financed, with Government stepping in only to share with the private investor unusual and abnormal risks which may be involved in getting started.

Along with a bigger domestic market, we should have a bigger foreign market. Our heavy-equipment industries will sell a lot of their production abroad. Our farmers will ship boatloads of cotton, tobacco, and wheat. And so on.

With reciprocal trade agreements and our already existent Export-Import Bank, along with new measures for international credit and currency stabilization, Wallace thinks America can play a big—and profitable—role in developing the economies of other nations. A lot of people who haven't been accused of crack-potism think so, too.

If private enterprise cannot produce 60,000,000 jobs, what then? Wallace thinks the Government should be on watch, and when employment begins to fall below 57,000,000, a reservoir of public works should be tapped.

But public works, he thinks, should not produce Government, or relief, or leaf-raking jobs. No, says Wallace, they should produce private jobs. Construction should be done by private firms under contract to the Government, private firms to employ private labor.

Other dangerous ideas of Wallace:

Wages should be kept high after the war to provide purchasing power for expanding economy.

Profits should be kept high, too.

Taxes should be lowered.

Farmers should have good incomes, enabling them to have better homes, indoor bathrooms, and electric lights.

Monopolies and cartels should not be encouraged, as they stand in the way of free enterprise.

New businesses like aviation, television, frequency modulation, fibers, plastics, should let in the little fellow, as well as the big fellow.

Small new firms become great firms.

We should build through private enterprise 2,000,000 homes a year.

We should get rid of slums.

We should be a land of home owners, and new homes should have all the fine new gadgets.

We could use more hospitals, more clinics, more doctors.

We need a broader social-security program.

We need more schools and more teachers.

So goes the radical program of the crackpot Wallace. To his detractors, after outlining the program, he says:

"There are those who say that these goals are the dreams of a 'man willing to jeopardize the country's future with untried ideas and idealistic schemes.' These people think they are realists. Actually they are the persons of limited vision and stunted imagination. * * * These people think the same as those who said the President was dreaming when he declared in 1940 that the American people would produce 50,000 planes in 1 year."

Maybe Mr. Wallace is all wrong. Maybe he is a crackpot and a visionary. Maybe our private enterprise can't produce, as he thinks it can, 60,000,000 jobs a year. Maybe we can't have more cars, more homes, more bathtubs, more clothes, more gadgets. Maybe we can't be a healthy, prosperous, independent, happy people.

But if the time has come when Americans cannot share with Henry Wallace an optimistic view of their own future; if the time has come when America cannot flex its muscles and look to the future with high hope and the old covered-wagon determination, then God help us!

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, pursuant to House Resolution 137, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today in the Committee of the Whole and include certain statements and excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MONRONEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the New York Times.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to include in the remarks I made in the Committee of the Whole an editorial from the Post-Dispatch.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include excerpts from the Air Force magazine.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. HOOK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the Washington Post on the rights of witnesses.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the New York Times.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[The matter referred to appears in the Appendix.]

CRIMEAN CONFERENCE AS RELATING TO POLAND

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to ad-

dress the House for 10 minutes and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[Mr. LUTHER A. JOHNSON addressed the House. His remarks appear in the Appendix of today's RECORD.]

LITHUANIA

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania [Mr. FLOOD] is recognized for 20 minutes.

Mr. FLOOD. Mr. Speaker, I am happy with the opportunity when I realize that with these remarks I pay tribute on this twenty-seventh anniversary to the birth of Lithuanian independence and freedom.

Lithuania is a land that commands our attention. I speak of this remarkable nation that has existed on the shores of the far-distant Baltic Sea from time immemorial. I speak of a proud race of people who, down through the centuries, have remained apart from the Teutons, Scandinavians, Finns, and Slavs; a country of noble heritage, small in size, but truly and properly shaped as a heart. And it is this heart that lies in the military pathway of two great rumbling and crushing empires—Germany and Russia.

In the fifteenth century, Lithuania had claimed a vast domain extending from the Baltic to the Black Seas, and men and women of Lithuanian blood all over the world thrill with pride when their mind goes back through the pages of history to the brave deeds of Vytautas the Great. This great warrior king was certainly the most imposing personality of his time in eastern Europe, and his martial valor was combined with statesmanlike foresight.

Lithuania is a land of surpassing beauty. It is resplendent with lakes, rivers, and beautiful forests. Few hills are to be observed in the softly rolling country. It is little wonder that the people have a deep passion for their beloved homeland and desire only that all invaders will depart and leave them in peace. They appreciate the beauty of their Baltic home and they tenderly care for the soil which so abundantly nourishes them.

Since the day, a quarter of a century ago, when that clear clarion call to awake as a restored republic was issued at Vilnius, the Lithuanian Nation has bent every effort to restore her great natural wealth, political prestige, and position among the nations of the earth. The Government followed an enlightened program of doing those things that were for the best interests of the greatest number of its people.

Man is essentially religious, and in his continued search for God he leaves the mark of culture. Through the instrumentality of her great leaders, the Christian faith was introduced to Lithuania and the cross of Christ was placed on the altar within the newly built church, erected on the very foundation of a pagan chapel. This great people knew that a nation should have its own clergy, and Lithuanian youth was encouraged to take up the study for the orders of the church. Down through the years the

Lithuanian clergy have been to the forefront in all things that were for the good of their people, their Nation, and their church.

My friends, it is quite correct to say the Lithuanian has a great deal of cultural wealth, and daily in the Nation's Capitol its trumpeters send out a call which is really a prayer of thanksgiving to the Maker of Man.

It was customary for the Lithuanian-Americans to observe at this national shrine the Fourth of July. Since a replica of the Liberty Bell had been sent from America as a gift from the Sons of Lithuania, it was fitting that it should be rung on this occasion. And on this bell appear the words, in Lithuanian, which, translated, mean: "Forever toll to Sons of Lithuania. Whoever fails to defend their liberty is unworthy of it." This should serve as a token of the everlasting friendship of America with Lithuania.

Let me read for you the resolution of the Lithuanian Taryba given on February 16, 1918. By this resolution the die was cast and Lithuania was pledged to the cause of complete and untrammelled liberty. This resolution read:

The Taryba of Lithuania, as the sole representative of the Lithuanian people, in conformity with the recognized right to national self-determination, and in accordance with the other conferences of Lithuania held in Vilnius, September 18 to 23, 1917, does hereby proclaim the restitution of the independent state of Lithuania, founded on democratic principles, with Vilnius as its capital, and declares the rupture of all ties which formerly bound this state to other nations.

Only a prophet can accurately foretell future events; but a study of Lithuania's past would seem to indicate that the expression "Kas bus, kas nebūs, O Lietuva neprazus," which means, "Come what may, Lithuania will always stay," has always been correct. This mighty and ancient people have been bred to hardship and inured to pain and suffering from time immemorial. They have seen nations in turmoil. They have felt the stirrings of nations on the move. They have known hardship in warfare against such redoubtable foes as the Crusader, the Tatar, and the German. They have passed through the crucibles of hate and have never completely bowed before Slav or German. They have always won through to victory.

Many people were prone to think that with the coming of the Bolshevik in 1940, Lithuania was definitely through as a nation. They were quite willing to designate to her a position subservient to Hitler when his legions marched through the land in the 1941 campaign against Russia. However, one recalls that the Lithuanian is not easily uprooted from the soil that has been his since time immemorial. The size of Lithuanian land-holdings has varied between 20,000 square miles centering about the Nemunas River to the vast empire of Vytautas, which extended from the Baltic to the Black Sea. Lithuania has learned one lesson that precludes any desire for grandiose expansion. She wants nothing more nor less than that portion of eastern Europe which is hers by right of continuous settlement and which is approximately 35,000 square miles in ex-

tent with Vilnius as the traditional capital city.

Another Lithuanian proverb is to the effect that if one is in a hurry it is wise to go slowly. Patience is required of those who would move slowly and surely forward, but the Lithuanian is eminently fitted for this role in history. Time does not have a great significance if the true ends are eventually served. The fact that Lithuanians will never be content without complete and full liberty is sufficient reason to believe that they will succeed. They are no strangers to hardship and sorrow. They have been hardened by long periods of resistance to their traditional enemies. They have won notable victories over the pressing Teutons.

During her period of twentieth century independence, Lithuania demonstrated an amazing national vitality. Her financial condition remained sound from beginning to end. She built up a foreign trade that was gaining in strength until checked by the restrictions of war operations in the Baltic and North Seas. She made notable gains in such fields as education, scientific research, and agronomy. Her levels of living advanced far beyond those prevailing around her. She was definitely facing westward and sought the privileges of western civilization.

In keeping with the principles expressed in the Atlantic Charter, and reaffirmed by the great leaders of the United Nations, the breath of life, and the enjoyment of liberty, with God's help, will once again be assured to Lithuania.

All around the world there are some ideas which millions of men hold in common, and one of these is the mixture of respect and hope with which the world looks to the United States of America. Our common liberation includes giving to all peoples freedom to govern themselves as soon as they are able and the economic freedom on which all lasting self-government inevitably rests. The way to make certain that we do revere our traditional American way of life for all is to create a world in which all men, everywhere, can be free. The history of Lithuania is the most eloquent advocate of her right to enjoy this way of life.

I am indebted for a great deal of my information on this important subject to a most valuable book entitled "Timeless Lithuania" written by Owen J. C. Norem, D. D., Envoy Extraordinary and Minister Plenipotentiary of the United States to Lithuania.

To students of history of this country, comparatively unknown outside of Europe, I urge a study of this excellent work.

My friends, as we join in paying tribute to Lithuania's day of independence, in this year of 1945, it is difficult to foresee with complete certainty the exact status of the Lithuanian Nation. Sore and troubled, indeed, has been her tragic lot.

But observance of Lithuanian independence day on February 16 is a grim reminder that this anniversary will not be observed in Lithuania itself. For the 2,500,000 Lithuanians in Lithuania, or the portion of them that survives, are not in a position to celebrate. There is

no free Lithuania; nor is there likely to be unless the ideals of the Atlantic Charter are translated into action.

The distress signal most frequently heard by ships at sea is "three short, three long, and three short." The call letters are S O S and it would seem fitting to regard this as meaning "Sudiev O Sudiev" Lietuva. Sudiev means "God be with you." May I close this expression of my deep feeling with that word, "Sudiev" addressed to you and to Lithuania. Lithuania is a country which has placed her trust in God, and God will never forsake her.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LUTHER A. JOHNSON, indefinitely, to attend as a delegate of the United States at the Inter-American Conference on Problems of War and Peace meeting in the city of Mexico;

To Mr. HARE (at the request of Mr. RICHARDS), indefinitely, on account of illness.

BILL PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 1808. An act to grant to the Hawaiian Electric Co., Ltd., the right to construct certain ditches, tunnels, and oil pipe lines in Pearl Harbor, T. H.

ADJOURNMENT

Mr. ROWAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Friday, February 16, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, February 16, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 o'clock a. m., Friday, February 16, 1945, to resume hearings on H. R. 1362, railroad retirement bill.

COMMITTEE ON THE JUDICIARY

(Monday, February 19, 1945)

On Monday, February 19, 1945, at 10:30 a. m., Subcommittee No. 3 of the Committee on the Judiciary will continue the hearing on H. R. 97, to amend the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" (with respect to certain patent matters). The hearing will be held in the Judiciary Committee Room, 346 House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, February 20, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 o'clock a. m., Tuesday, February 20, 1945, to begin public hearings on H. R. 693—a bill to clarify the application of the Securities Exchange Act of 1934 to exempted securities, and for other purposes.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, February 22, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce, at 10 o'clock a. m. Thursday, February 22, 1945.

Business to be considered: To begin public hearings on S. 63 and H. R. 1648, to amend the Communications Act of 1934, as amended, so as to prohibit interference with the broadcasting of non-commercial cultural or educational programs.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

NOTICE OF POSTPONEMENT OF HEARINGS

The hearings on H. R. 1425, the post-war ship-disposal bill, scheduled to begin on Thursday, February 15, 1945, have been postponed until Thursday, March 1, 1945, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

215. Under clause 2 of rule XXIV a letter from the Acting Secretary of the Interior, transmitting a draft of a proposed bill for the relief of Chesley Brazil, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. KEOGH: Committee on Revision of the Laws. H. R. 2195. A bill to codify and enact into positive law title 1 of the United States Code entitled "General Provisions"; without amendment (Rept. No. 147). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 2196. A bill to codify and enact into positive law title 4 of the United States Code entitled "Flag and Seal, Seat of Government, and the States"; without amendment (Rept. No. 148). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 2197. A bill to codify and enact into positive law title 6 of the United States Code entitled "Official and Penal Bonds"; without amendment (Rept. No. 149). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 2198. A bill to codify and enact into positive law title 9 of the United States Code entitled "Arbitration"; without amendment (Rept. No. 150). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 2199. A bill to codify and enact into positive law title 17 of the United States Code, entitled "Copyrights"; without amendment (Rept. No. 151). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 2200. A bill to revise, codify, and enact into positive law title 18 of the United States Code, entitled "Crimes and Criminal Procedure"; without amendment (Rept. No. 152). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on Irrigation and Reclamation. H. R. 1534. A bill to amend the Fact Finders Act; without amendment (Rept. No. 153). Referred to the

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 30

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 17, 1945, for actions of Friday, February 16, 1945)

(For staff of the Department only)

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HOUSE

1. LOAN AGENCIES. Passed, 399-2, without amendment S. 375, the George Commerce-RFC bill, after rejecting, 196-204, Rep. Wilson's (Ind.) motion to recommit the bill (pp. 1202-24). This bill will now be sent to the President.

The following amendments by Rep. Wolcott, Mich., were ruled out on points of order: To provide that no order providing for the redistribution of functions or providing for the transfer or consolidation of any existing executive or administrative commission, bureau, agency, Government owned or controlled corporation or office, or the duties, powers, or functions thereof, shall be effective unless the Congress shall provide otherwise by concurrent resolution; to provide for the independent status of the Export-Import Bank; and to make the GAO Government corporation audit provision apply to "Government owned or controlled corporations" rather than "Government corporations" (pp. 1218-20).

Rep. Flannagan, Va., commended Wallace's administration of USDA (pp. 1221-2).

2. FOOD ADMINISTRATION. Reps. Murray, Wis., Cooley, N.C., and others discussed the New Deal food administration. Rep. Murray criticized the enactment of tobacco-seed embargoes while the Asst. Sec. of Agriculture talked about reciprocal trade treaties. Rep. Murray inserted several tables showing dairy products production figures and discussed the "dairy picture of the Nation" (pp. 1226-30).
3. FARM MACHINERY. Rep. Curtis, Nebr., urged increased farm machinery production (pp. 1200-1).
4. ECONOMY. Rep. Pich, Pa., urged economy in Federal expenditures (p. 1200). Rep. Gross, Pa., criticized New Deal deficit financing (p. 1201).
5. HOME LOANS. Received the Home Owners' Loan Corporation report for Jan.-June 1944 To Banking and Currency Committee. (pp. 1230-1.)

SENATE

NOT IN SESSION. Next meeting Mon., Feb. 19.

BILLS INTRODUCED

6. FARMERS' HOME CORPORATION. H.R. 2239, by Rep. Cooley, N.C., to simplify and improve credit services to farmers and promote farm ownership by abolishing certain agricultural lending agencies and functions, by transferring assets to the Farmers' Home Corporation, by enlarging the powers of the Corporation, by authorizing Government insurance loans to farmers; by creating preferences for loans and insured mortgages to enable veterans to acquire farms, by providing additional specific authority and directions with respect to the liquidation of resettlement projects and rural rehabilitation projects for resettlement purposes. To Agriculture Committee. (p. 1231.)
7. FARM LABOR; SELECTIVE SERVICE. H. Con. Res. 29, by Rep. Lemke, N. Dak. to reaffirm the necessity of the Tydings amendment in our war effort, and creating a congressional committee to investigate the necessity of agricultural deferments. To Rules Committee. (p. 1231.)
8. GRAIN IMPORTS; SEED IMPORTS. H. R. 2237, by Rep. Judd, Minn., to provide a temporary exemption from customs duty of screenings, scalplings, chaff, and scourings of certain grains and seeds. To Ways and Means Committee. (p. 1231.)
9. SOCIAL SECURITY. H. R. 2229, by Rep. Cannon, Fla., and H. R. 2230, by Rep. Angell, Wash., providing social security retirement benefits at the age of 60, etc. To Ways and Means Committee. (p. 1231.)
H. R. 2235, by Rep. Pittenger, Minn., to increase Federal contributions to States for old-age assistance. To Ways and Means Committee. (p. 1231.)
H. R. 2234,
10. HEALTH. Rep. Traynor, Del., to provide grants to States, etc., for developing dental health plans. To Interstate and Foreign Commerce Committee. (p. 1231.)
11. CLAIMS. H. R. 2233, by Rep. Ervin, N.C., to prohibit the prosecution of any claim against the U. S. or against any Government corporation by any employee or by certain ex-employees. To Judiciary Committee. (p. 1231.)
12. EMPLOYMENT. H. R. 2232, by Rep. Norton, N.J., to prohibit discrimination in employment because of race, creed, color, nationality, or origin. To Labor Committee. (p. 1231.)

ITEMS IN APPENDIX

13. LOAN AGENCIES. Speech in the House by Rep. Herter, Mass., opposing the separation of RFC from the Department of Commerce and criticizing the establishment of "so many independent agencies" (p. A718).
14. NOMINATION. Extension of remarks of Reps. Doyle, Calif., and Starkey, Minn., commending Henry A. Wallace (pp. A717-18, A726-7).
Rep. Judd, Minn., inserted a Christian Century article criticizing the Wallace-Jones situation (pp. A729-30).
Speech in the House by Rep. Robsion, Ky., criticizing the nomination of Henry A. Wallace to be Secretary of Commerce (pp. A733-5).
15. GRAZING. Extension of remarks of Rep. Bunker, Nev., criticizing proposals to increase grazing fees on public lands (pp. A718-9).

additional land. This cannot be done without machines.

There is an urgent need for tractors, trucks, combines, corn pickers, and all the other kinds and types of machinery that are absolutely essential to large-scale production of food. The Farm Machinery Division and the Steel Division of the War Production Board and the Farm Machinery Division of the War Food Administration should take cognizance of the acute manpower shortage on the farms that has arisen since January 1. More farm machinery must be made available.

SURPLUS MEDICAL SUPPLIES

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

[Mr. MILLER of Nebraska addressed the House. His remarks appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mrs. LUCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include two editorials by David Lawrence, appearing in the Evening Star.

The SPEAKER. Is there objection to the request of the gentlewoman from Connecticut?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. HOLMES of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article by Maj. George Fielding Eliot entitled "United States Future Depends on Avoiding World War III," published in the Worcester Telegram.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

CORRECTION OF RECORD

Mr. JOHN J. DELANEY. Mr. Speaker, on roll call No. 19 I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my re-

marks in the RECORD and include a statement from the New York Times. I am informed by the Public Printer that this will cost \$52. I ask unanimous consent that it be printed in the RECORD notwithstanding that fact.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. STARKEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the St. Paul Dispatch, my home-town paper.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. SIKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. COFFEE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on two topics, in one to include newspaper editorials, and in the other to include a resolution adopted by the American Committee for Spanish Freedom.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

[The matter referred to appears in the Appendix.]

(Mr. HOFFMAN asked and was given permission to extend his remarks in the RECORD.)

DEFICIT FINANCING

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GROSS. Mr. Speaker, yesterday when the gentleman from Texas [Mr. PATMAN] was speaking about the debt, he seemed to be glorying in that debt, he made the statement that we have been deficit-financing since the war began. I wanted to interrogate the gentleman and ask him what the basis of our financing was prior to the war, but he refused to yield. I am reminding the House that the deficit-financing of the New Deal did not begin with the war, it began with the New Deal.

May I say also that last week, when I made a speech concerning the farm census, I was vigorously attacked by the gentleman from Virginia [Mr. WOODRUM] who claimed I had no case. My opposition to that census is justified by the mail I am receiving.

BOMBARDMENT OF TOKYO

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, during all this bombardment of pessimism to which we have listened this morning, I call attention to one note of gladness and inspiration to Americans everywhere, and that is the fact that our air force has just been engaged in one of greatest bombardments to which Tokyo has ever been subjected.

The headline in today's paper reads:

One-thousand-three-hundred-plane raid on Tokyo covers big jab at Iwo.

The paper further says:

More than 1,300 American planes from a huge armada 300 miles off the Jap coast smashed at the Tokyo area for 9 hours today in the heaviest raid ever made on the enemy capital.

This means we are really getting somewhere in smashing those savage apes and destroying the greatest enemy the white man's civilization has ever known.

"Praise God from whom all blessings flow."

BOMBING OF IWO JIMA AND TOKYO

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the news of the attack by airplane carriers protected by battleships and other vessels of our Navy is a great inspiration to the American people. It is evidence of the great work that has been done in the far Pacific by the United States Navy. Fortunately, we have in that area great commanders on sea and on land and in the air. The commander in that area of the United States Navy is one of the great leaders of this war, a quiet gentleman, a man who says little but who acts, who evidences his leadership by action. He was sent to the Pacific theater after Pearl Harbor. In those dark days he gave, and is giving, in cooperation with the Army, to the Navy and to our people that leadership which has brought about the great advances in the Pacific theater by our forces on land, on sea, and in the air. I refer to that man who says nothing but who acts and who accomplishes results, Admiral Nimitz, Commander in Chief of the United States Navy in the entire Pacific. As the gentleman from Mississippi [Mr. RANKIN] the other day asked unanimous consent that the House of Representatives request the Speaker of the House to transmit to General MacArthur the thanks and feeling of appreciation of this body, I ask unanimous consent on this occasion that the Speaker be requested to send an appropriate telegram to Admiral Nimitz conveying to Admiral Nimitz in such words as the Speaker may desire the congratulations and thanks of the House of Representatives, not only to Admiral

Nimitz but to all the officers and men of the United States Navy.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. RANKIN. Include the Air Forces in that, too.

Mr. McCORMACK. Including the Air Force.

Mr. SUMNERS of Texas. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. SUMNERS of Texas. As I understand it, the gentleman from Massachusetts also includes the men of the Navy?

Mr. McCORMACK. Yes; I ask that such a message be sent to Admiral Nimitz, the officers and men of the United States Navy, and the Air Force.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. SHAFER] may extend his remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. ANDREWS of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include a copy of a letter sent to the President of the United States by 14 college presidents.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. SABATH. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein a short editorial from the St. Louis Post-Dispatch.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[The matter referred to appears in the Appendix.]

ADMINISTRATION OF CERTAIN LENDING AGENCIES

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, my observation of the Members in this Chamber for nearly 12 years brings me to the conclusion that the Members on both sides of the aisle desire to do right and usually they do; that is, if they understand the bill under consideration. I am not like some of those who think that prejudice controls a majority of the Members of this House. I am sure it will not, in voting on this bill.

The George bill contains five sections. Section 5 deals with the audit of the financial transactions of Government corporations. I understand the gentleman from Michigan [Mr. WOLCOTT] will offer an amendment to include not only Government corporations but those owned and controlled by the Government. I do not think it is desirable at this time to pass this amendment, because it involves many things that are rather dangerous. For instance, the Reconstruction Finance Corporation has the controlling stock, 51 percent, in some of the private banks of this country, and in many railroads and life-insurance companies. It is an important question, and I am afraid we are getting too far afield, especially in view of the fact that the Senator from Virginia, Senator BYRD, has introduced a bill, as I understand, to have an independent audit made of all corporations owned and controlled by the Government.

The other four sections of this bill deal entirely with Federal loan agencies. That is all there is to the bill. The George bill takes from the Department of Commerce all loaning agencies. Is that what you want to do? It takes all of them.

There has been much misunderstanding about what agencies were in the Department of Commerce. Many Members on the Democratic side and many on the other side have thought that the Export-Import Bank was in the Department of Commerce. It is not. What else do you want to do? What else can you do?

We may have our desires about who should be the head of the Department of Commerce, but I do not want to invade the prerogatives of the other body. That is up to them. We are trying to do something that was started in my committee and brought to this House. What was it? Everybody wanted Jesse Jones to be Administrator of the Federal loaning agencies, and when he was appointed to a Cabinet office, we reported a resolution from our committee, and it passed both Houses, so that he could still be Federal Loan Administrator. That was a concurrent resolution. We did not put it in the Department of Commerce. The resolution gave Mr. Jones, and only Mr. Jones, the right to hold both offices.

A great many now ask why we did not introduce this bill before. The answer is we had no opportunity. We seized upon the first opportunity we had, when Mr. Jones went out of the Cabinet post, to bring back these agencies. I am a great friend and admirer of Mr. Jones,

That is all Jesse Jones has ever asked Congress to do, bring back the lending agencies from the Department of Commerce. Does anybody want anything else? Do you want to invade the functions of the Department of Commerce? functions they have had for a century? No. I believe that if you understood all the facts you would not want to go any further.

I noticed yesterday that my good friend the gentleman from Illinois [Mr. ALLEN], who made the first speech on the rule on his side, was still under the impression that the Export-Import Bank was in the hands of the Department of Commerce. I can take his own speech and convince any man on the floor that the gentleman from Illinois is for the George bill. What did he say? He said:

They did a good job over there in the Senate. They passed this bill by a vote of 74 to 12. However, they forgot to take out a very important agency, the Export-Import Bank, forgot to take it out of the Department of Commerce.

He was not present at the hearing before the Committee on Rules the other day when I tried to explain it before the committee. I stated clearly that the Export-Import Bank is in the hands of Leo T. Crowley, Foreign Economic Administrator, who controls all the stock and appoints all the members of the board of trustees.

Here is what the gentleman from Michigan did in the committee. I take this from the minutes:

Mr. WOLCOTT moved that the Secretary of Commerce should hereafter be ineligible to act as a director on the board of the Export-Import Bank.

Wallace is not on it. He is not on it today, and would not automatically become a member by being appointed Secretary of Commerce. Yet the gentleman used the word "hereafter." I understand he has now amended that. Why? Because the Export-Import Bank is not in the Commerce Department. I expect to show you where it is.

I quote the following from one of the morning papers:

Mr. WOLCOTT may not offer a milder form of his Export-Import Bank amendment which Speaker RAYBURN is ready to rule germane. This one simply bars Wallace from membership on the 11-man Export-Import Bank board.

The newspapers themselves carry confusing accounts of this bill, especially that relating to the Export-Import Bank. I am not blaming the Members for being confused. The President has issued so many Executive orders that it is impossible to keep up with all of them. I am not therefore blaming people for being confused, even the newspapers; but so many people seem to think that today Wallace is one of the board members of the Export-Import Bank. This is one of the most confused issues, and has been confused in the main by the newspapers not understanding it.

In 1939 all the 10 loan agencies of the Government were combined, under the Reorganization Act, and transferred under one head, and that was Mr. Jesse Jones, Administrator of all the loan agencies. Later on, 5 other corporations were organized in the R. F. C. and

placed under Mr. Jones as Administrator. That dealt with all the lending agencies including the Export-Import Bank. In 1942, the President, on the 24th day of February, issued 2 Executive orders. The first order is No. 9070 which transferred the F. H. A., Home Owners' Loan Corporation, and 2 more agencies dealing simply with loans on homes, to the National Housing Authority.

On the same day the other 11 loan agencies were transferred by Executive Order No. 9071 to the Department of Commerce. Now, we have the Export-Import Bank in the Department of Commerce in the year 1942.

Later on what was done? The President transferred the Export-Import Bank out of the Department of Commerce and placed it in another agency and today the Export-Import Bank is under Mr. Crowley, Foreign Economic Administrator, who has control of the stock.

The Export-Import Bank was organized under the laws of the District of Columbia just like any other corporation. It was organized by five members under Executive order of the President and it was operated and is being operated now like any other banking concern. I expect to produce the chain of title to show you that the stock and all the stock is now in Mr. Crowley and he, as sole stockholder, elects the trustees annually.

Now, we have the Export-Import Bank out of the Department of Commerce. We have it in the hands of one of the finest men, one of the best businessmen in America. We have it there and they cannot stand on the leg that it is now in the Department of Commerce. The next peg they are pending their hopes to stand on is this: "We have no confidence in the President," they say, "because he may transfer by another Executive order the functions of the Export-Import Bank back to the Department of Commerce."

Well, why would he? Mr. Crowley is there already. Who does he select? He selects the men to aid him in undertaking to find out about the export-import trade. The Export-Import Bank is going to prove in this great crisis and afterward to be one of the most important agencies in America to help gain back our foreign trade. Who does he appoint? He appoints men well trained and skilled in the art of international law and finance. Who are they? He happened to pick two from the Department of State, two from the Department of Commerce, some from the Department of Agriculture, and others. For what purpose? To give him the information so that he may successfully operate this great agency.

Why should we take it from him? The President took it away from Mr. Wallace at one time. Why should he give it back to Mr. Wallace? Even if Mr. Dewey had been elected I am satisfied he would stand on the proposition that Mr. Crowley is the best man in America to operate and run this great agency and he would have kept him there.

Let me give you the chain of title to the voting stock in the Export-Import Bank. The first I produce is the Execu-

tive order creating the Export-Import Bank on February 2, 1934.

The next is the certificate of the incorporation of the Export-Import Bank, and who are they? Daniel C. Roper, of the Commerce Department; Robert F. Kelley, of the State Department; Chester C. Davis, of the Department of Agriculture; Stanley Reed, now a member of the Supreme Court, then of the Reconstruction Finance Corporation; and Lynn P. Talley, of the R. F. C.

Why should we not have 1 of the trustees from the Department of State and 1 from the Department of Commerce, 2 agencies that are supposed to be skilled in their line of duty, in foreign trade and international matters? Why should you bind the President and say he should not have 1 trustee, of the 11, from the Department of Commerce, but at the same time he can take 1 man as trustee from the Department of Agriculture? How silly that would be.

The next chain is the Executive order transferring from the Federal Loan Agency under order No. 9071, dated February 25, 1942, to the Department of Commerce.

Next is Executive Order No. 9361, dated July 15, 1943, transferring the Export-Import Bank to the Board of Economic Warfare.

Next is the Executive Order No. 9380, dated September 25, 1943, transferring, through consolidation of the Office of Economic Warfare into the Foreign Economic Administration, to the Foreign Economic Administration, of which Mr. Leo T. Crowley is Administrator.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman an additional minute and a half.

Mr. BROWN of Georgia. The Export-Import Bank is absolutely under the control of Mr. Crowley to supervise it and operate it like all banking institutions are run. I know that many Members on the Republican side do not want to defeat the purpose of this bill, but by voting to recommit you defeat it absolutely, because the committee considered everything that was germane under this bill. If this bill is recommitted to our committee we would still have to observe the rules of the House as to the germaneness. Therefore nothing could be considered in our committee on this bill except what is germane on the floor here today. No one would want to pass the Wolcott amendment which would take away from the President the powers that he has under the First War Powers Act. My committee has no jurisdiction of these matters. Those functions belong to the Committee on the Judiciary, and to send it back to my committee would mean that it is dead as a doornail. We did everything that I thought you wanted us to do, that is take out of the Department of Commerce all the loan agencies, and let me tell you, you had better adopt this bill because a bird in the hand is worth two in the bush.

Mr. Chairman, as I say, we may be concerned about who is head of the Department of Commerce, but those functions belong to another body, and we are trying under this bill to take away all the

lending agencies of this Government from the Department of Commerce. That will leave the Department of Commerce with the only powers, duties, and functions it has had for the past century.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. KILBURN].

Mr. KILBURN. Mr. Chairman, this bill comes to us under very peculiar conditions. It was obviously introduced in the other body because of the possibility that Henry Wallace might become Secretary of Commerce. Then, the other body, instead of acting immediately on the confirmation, held up the confirmation until they thought this bill would become a law. Thus the bill is tied up directly with the appointment of Mr. Wallace.

Under the Constitution, the Senate has to confirm the appointment of members of the Cabinet. Many people say that the President should be allowed to pick his own men but certainly our forefathers had some good reason for putting Senate confirmation into the Constitution. This confirmation should not then become a rubber stamp. The Senate should, in my opinion, under the Constitution, go over carefully the qualifications of every Cabinet appointee.

In his letter to Mr. Jones, the President did not advance any other reason for appointing Mr. Wallace except that Mr. Wallace had helped in his campaign and, therefore, should, to quote "get any appointment that he, Mr. Wallace, felt himself qualified for." The President did not emphasize in his appointment the qualifications which Mr. Wallace's admirers present, but placed the appointment solely on the basis of political reward for a political campaign and this in the middle of a great war.

I believe, as I have stated, that the Senate should carefully scrutinize the qualifications of every Cabinet appointee according to the Constitution written by our forefathers. This scrutiny, however, becomes much more necessary now due to the extraordinary powers granted to the executive branch of the Government—and in most cases properly so—because we are at war. These Executive powers have put in effect a great many Executive orders and these Executive orders are now carried out, generally speaking, by people in the executive branch of the Government. Thus the qualifications should most certainly be carefully weighed. From what I know of Mr. Wallace's background, ability, and experience, I would not feel that he is qualified to fill the post of Secretary of Commerce and I hope that he is rejected.

This bill, as I said at the start, is the direct consequence of Mr. Wallace's appointment. It was passed by the other body and came before our committee. Our committee considered it for about an hour. The majority members of the committee voted against having any hearings. They also voted down amendments offered by the minority. When the vote came in committee to vote it out, I voted to report the bill out on the

theory that a little bite was better than the whole apple in view of the possibility of Mr. Wallace being appointed. I did, however, hope at the time we reported it out that the Rules Committee would grant a rule which would enable the minority members of our committee to present the amendments to the House which were turned down in committee. When the Rules Committee did not do this, I voted against the rule and if the bill is not amended with further restrictions, I intend to vote to recommit.

This is not a question of persecuting Mr. Wallace or anyone else—it is a question of safeguarding our constitutional processes and restoring to the Congress, who directly represent the people, their constitutional power to control the spending of the taxpayer's money and preserve our American way of life.

(Mr. KILBURN asked and was given permission to revise and extend his remarks.)

Mr. WOLCOTT. Mr. Chairman, I yield 13 minutes to the gentleman from Pennsylvania [Mr. GRAHAM].

(Mr. GRAHAM asked and was given permission to revise and extend his remarks.)

Mr. GRAHAM. Mr. Chairman, I ask the indulgence of the Members of the House for a few moments and ask that I be not interrupted until I have laid the foundation for what I want to say in the introduction of an amendment at the proper time, the purpose of which I will explain in a few moments.

It seems to me that one of the difficulties that confronts us today is this: All during this discussion up to this moment not a word has been said about the Federal Loan Administrator. No one knows who that Administrator will be. He will be appointed by the President of the United States. What I am vitally concerned in is the term of office that he shall have when he is appointed, and my amendment will go to that point.

Let us stop for a moment and think of this paradoxical situation. We are dealing today with an act that has a peculiar genesis when you trace it out. First of all we have at the outset a member of the President's Cabinet that is set up by an act of the Congress in the office of the Secretary of Commerce. You next have by direct reference in this bill the office of the Comptroller General of the United States.

May I stop long enough to pay tribute to one of the ablest and most outstanding men in America, the Honorable Lindsay C. Warren, a former Member of this House, a man who has carried on that office with the highest degree of fidelity and courage and real ability, and a man in whom all America can take pride.

The next thing we have is the creation of this particular office with which we have been dealing. Let us review the facts for a moment and see where we are. First of all, we have an act known as the Reorganization Act, passed on April 3, 1939, the purpose of which was to expedite, simplify, and reduce the number of bureaus of Government. Following that the President issued a reorganization plan known as No. 1, and in that reorganization plan there was

set up under section 402 the Office of Federal Loan Administrator. Get this thought at the start: That office was not set up under the direct voice of the act of 1939 but under the President's reorganization plan, which came into existence as a result of that law.

Next we have War Powers Act No. 1, which will terminate 6 months after the close of hostilities. Based upon that act we have an Executive Order No. 9071, by which certain loan agencies of the Federal Loan Administrator's Office were transferred to the Secretary of Commerce. In this bill here today we seek to retransfer those loan powers and bring them back under the control of the Federal Loan Administrator.

All of the discussion which has taken place so far involving personalities has revolved about the President of the United States, the Secretary of Commerce, and the former Vice President of the United States, with not a word about the Federal Loan Administrator to be.

So much for the legislative and legal foundation of what we are doing here today. Now for another angle.

During the past few years no charge has been hurled at the Congress of the United States with more vehemence, more directness, and probably with more certainty, than that the Congress has delegated away its powers, that it has given too much power away to the executive branch of the Government, and that as a consequence the great fight should be, if we are to preserve our integrity and independence as one of the coordinate units of government, to recapture and regain control of the offices to which we have delegated the power on the side of the executive branch of the Government. We hear that charge on every side.

How can this be done? We are in the midst of a war. We cannot repeal the War Powers Act without crippling the war activities. That is out of the question. We have no right in any way even to criticize the President for his choice of the Secretary of Commerce. That is purely his right and his duty. It is the function of the Senate of the United States to pass upon the qualifications of his nominee and approve or reject him by a majority vote. So that is out of our province.

But we here in the legislative branch do have a solemn duty to perform and that is to preserve our own integrity, and to see that there are no grants of power that take away from the legislative branch of the Government the inherent power which the people want us to exercise and to control, under the tenth amendment, which provides that all powers not given to the Government of the United States nor prohibited by the Constitution to the States are reserved to the States respectively and to the people, and we are the representatives of the people. First of all why do we want a definite term? We as Members are required under the Constitution to be chosen for 2 years, and Members of the Senate for 6 years. Aside from the judges who hold office during life or good behavior, only two officers in this Government have a term longer than that

of the President, excepting the Senate and ourselves, and that is the Comptroller General of the United States and his assistants who are appointed for 15 years. All others have a definite fixed term. What would be the practical result if this amendment of mine were adopted? Let us think for a moment of the tremendous power we are giving away and have given away. I am reading now from the testimony of Mr. Jesse Jones before the Senate Commerce Committee, wherein he was questioned by Senator BAILEY:

Question. Is there any limit on how much you can lend?

Answer. We can lend anything that we think we should.

Question. That means the sky, does it not?

Answer. Any amount, any length of time, any rate of interest.

Question. And to anybody?

Answer. To anybody that we feel is entitled to the loan.

Why, no such power was ever given to any man in the history of the world as Mr. Jones said that he had in the capacity in which he served. I now quote Senator HARRY F. BYRD, who is probably one of the best informed men in the United States on this subject. What does he say? I quote him:

The Reconstruction Finance Corporation, with its 10 subsidiaries, is the most colossal banking institution the world has ever known, either public or private. By reason of blanket authorization for loans, and the right to issue bonds, fully guaranteed by the Government, it is virtually immune from the control of Congress. I have frequently pointed out that it is an actuality, as it now operates, a fourth branch of the Government. The Reconstruction Finance Corporation, and its kindred corporations, has made either loans or commitments in excess of forty billions of dollars. Loans are revolving in the sense that when paid off they can be used to make commitments or loans for other purposes.

A few days ago the honored Member from North Carolina [Mr. DOUGHTON] introduced a bill to increase the bonded debt of this Nation to \$300,000,000,000, a figure so vast and utterly staggering as to be absolutely incomprehensible. Yet here we delegate without any restriction, as it were, as to tenure of office, the control over almost \$32,000,000,000, to one man, and, further, with no restrictions upon him. What is this amendment which I propose to offer? It is a simple little amendment of only a few lines. The amendment is as follows:

On line 2, page 2—

Of this bill—

insert a new subsection as follows:

"SECTION 1. The term of office of the Federal Loan Administrator created by section 402 of the present reorganization plan No. 1 under the authority of the Reorganization Act of 1939 shall be for a period of 1 year unless he is sooner removed by the President upon reasons being communicated by him to the Senate; and he shall receive a salary at the rate of \$12,000 per annum."

That is the same rate he had when the office was created; the same appointing power as the President now has to appoint him. He is protected by the action of the Senate. The language I have used is the identical language used in the creation of the office of Comptroller Gen-

eral of the United States. Under the circumstances which I have narrated, I want to bring to your attention a section of this act which I think is the most humiliating thing that has probably ever been placed in a bill about to be enacted into law in the United States.

I direct your attention to page 4, wherein it is stated, with reference to the duties of the Comptroller General:

The report shall also show specifically every program, expenditure, or other financial transaction or undertaking, which, in the opinion of the Comptroller General, has been carried on or made without authority of law.

No more humiliating thing was ever placed upon the statute books of any country in the world, that we confess that the man who audits these accounts must be convinced that something has been done outside the law, utterly beyond the authority granted this individual, and shall make a report. To what low estate have we come? To what depth have we dropped? Is there any wonder there is criticism all over the United States of the Congress, that it has been remiss, that it has failed to do its duty; that it is utterly at fault in its protection of the people of the United States? I do not care who the administration is or who their officers are, we cannot escape the obligation upon us, our duty to protect the people; our duty to protect the public treasury. It has been said that the power to tax, if unwisely used, is the power to destroy. Yet, I say to you the power to appropriate and the power to expend those appropriations, unrestricted, unlimited, is the power to control your economic, your social, your financial, your whole structure of life in the United States of America.

What is the next thing that confronts you? You are told in one breath that this War Powers Act will expire 6 months after the termination of the war. Quite true. And Executive Order 9071, will expire at the same time. But every realist sitting here within the sound of my voice knows this happens: If our enemies capitulate—and it is our prayer and hope that Germany soon will—then follows the war with Japan. But here is the danger of what I am pointing out to you; that under the economy set up under wartime pressure, the exigencies and emergencies of war, and the powers granted to the Executive branch of this Government, your peace economy is going to be worked out.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GRAHAM] has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, in view of the Machiavellian maneuvers of my esteemed Republican colleagues on the Banking and Currency Committee who unanimously reported this bill out, and who are now trying to scuttle it, I feel it necessary for the RECORD to make my position clear. The public is definitely confused by yesterday's vote on the rule, and will be more confused if the motion to recommit carries today.

I am supporting the George bill for two reasons: First, I never did approve of the transfer of the lending agencies under the control of the Federal Loan Administrator to the Secretary of Commerce, even though I entertained then, and do now, the highest respect for the ability and integrity of Jesse Jones. It is always unsafe to assume that any man will continue in office indefinitely. My second reason for supporting this measure is that I am opposed to Mr. Wallace administering the lending agencies. I am opposed to him not only because of his lack of experience in matters of finance, but also because of many of his impractical and irresponsible utterances. He, to my way of thinking, is that type of liberal who has both feet firmly planted in midair and is frequently walking in opposite directions at the same time. Now, in the history of our Nation, only six Cabinet officers, to my knowledge, have been rejected by the Senate. I am, therefore, not too confident of Senate adverse action after the President returns. The persuasive power of the Chief Executive has impressed me greatly during my membership in this body. I fear that if we delay passage of this bill or amend it so that the President will have an excuse to veto it, some Senators will take that as a way out to go along with Mr. Wallace, and the House will be ridiculed for its tactics by the Nation.

Furthermore, the proposed Export-Import Bank amendment strikes me as a pretty feeble proposition. In the first place, Secretary Jones was only 1 out of 11 directors and my query is, How can 1 director out of 11 run a bank?

In the second place, all the stock is held by the Federal Economic Administrator, Leo Crowley, in whom practically all of us have confidence; not only is it held by Leo Crowley, but it was transferred by the President from Wallace and Jones to him. Would it not be somewhat absurd for the President to transfer it back to Mr. Wallace as was contended as a possibility here yesterday? Last, but not least, the Banking and Currency Committee will soon hold hearings on the continuance and expansion of the Export-Import Bank, and at that time Congress will be in a position to place whatever safeguards we think necessary around it. It is my conviction that the wisest course for the House to pursue is to pass the bill as reported by the committee.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield.

Mr. RANKIN. I take it, then, from the gentleman's statement, that if he were passing on the confirmation of Mr. Wallace, passing on that proposition alone, the confirmation of Mr. Wallace, either as Secretary of Commerce or head of the R. F. C., the gentleman would vote against him.

Mr. BARRY. I would definitely vote against him.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Chairman, we were asked many times by the opposi-

tion during debate on yesterday why the friends of Wallace are now asking that this legislation be passed when it takes from him the authority that is presently under the appointment the President is attempting to give him. Every newspaper answers that question. The people of America are not so confused that they do not know. The issue is merely whether or not we will be able to clear this for the seating of Mr. Wallace after nomination.

Mr. Chairman, the conservatives in the House have no greater friend than Senator GEORGE, the author of this bill. Surely there is no violation there which threatens the conservative Democrats and their position. I am interested in the Republican leadership that has been shown recently by my good friend the gentleman from Mississippi [Mr. RANKIN]. He calls Mr. Wallace an impractical dreamer. Yet Mr. Wallace was head of the rural-electrification program so cherished by the gentleman from Mississippi. Has the time come when we cannot even see a dreamer of dreams as a member of the Cabinet of the United States?

Mr. Wallace is a dreamer of dreams but he is a worker, a fact acknowledged by all. He is a man of vision, but takes his daily turn at long toiling, and it is a hard thing to have a man's head in the clouds and his nose to the grindstone at the same time. The United States of America knows no harder worker than this dreamer of dreams, Mr. Henry A. Wallace.

Mr. RANKIN. Will the gentleman yield?

Mr. PATRICK. I cannot yield.

Mr. RANKIN. The gentleman ought to yield. He mentioned my name.

Mr. PATRICK. I cannot yield. The gentleman can get time.

Mr. Chairman, think where we were going. One of the greatest dreamer of dreams in the world is a dreamer in international power, Hitler, and he was able to throw the whole world into a terrible war. Can we not seek a dreamer of dreams who dreams of a granary, an ever-normal granary, to sit in our President's Cabinet and work for the people? It was dreamers of dreams, you know, who gave us America, dreamers of dreams who dreamed that America could be established on the basis of equality for men. Thomas Jefferson made a great President as a dreamer of popular government and executor of his dreams.

Another man dreamed of equal and exact justice to all and that dreamer, Abraham Lincoln, became President of the United States. The time has come in America when we pass onto higher ground.

When Thomas Jefferson was President the doctrine in America was root hog or die. When Abraham Lincoln was President, the doctrine of America had become live and let live. Today we have moved to the point where we will have to live by the doctrine of live and help live.

One of those opposed to this bill yesterday, said: "We want all the employment our economy can stand." The economy of America if properly developed can provide employment in this

rich Nation of resources for every man who wants to work and is able to work and we as a free people have not reached that practical dream until it is accomplished.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATRICK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, this bill is the creature of expediency. From its inception it has followed a path of confusion. Primarily, the confirmation of a Cabinet officer was the motivating reason for the bill.

The President sent the name of Henry Wallace to the Senate as his choice for Secretary of Commerce. The President desired that all the power now vested in the Secretary of Commerce should be transferred to Mr. Wallace. There was much difference of opinion in the country as to Mr. Wallace's suitability for the job. This apprehension immediately manifested itself in the Senate. After committee consideration and debate in the Senate, it was evident that Mr. Wallace could not be confirmed unless the lending powers presently exercised by the Secretary of Commerce were first removed from the Commerce Department. The matter was debated in the Senate and by a vote of 74 to 12 that confirming body decided that Mr. Wallace should not be appointed unless these lending powers were first removed from the Secretary of Commerce.

In the Senate there are 57 Democrats and 38 Republicans. Therefore, the Senate action on this bill was not a purely political one. This bill was hastily passed by the Senate, sent to the House, and immediately referred to the Committee on Banking and Currency. Surprising as it may seem, that committee refused to hold hearings on the important matters involved. Indeed, we are told that only an hour and a half was consumed by the committee. No amendments were permitted and, under the whip and the lash of certain influences, the bill came to the Rules Committee. That committee heard the members of the Banking and Currency Committee. It developed that the Export-Import Bank, one of the loaning agencies of the Government, had connection with the Secretary of Commerce. It was also learned that the bank contemplates asking for amendments to the law which controls and regulates it. In these circumstances, the Rules Committee had the benefit of the testimony of Mr. Leo Crowley, chairman of the board of trustees of the bank. The further the hearings progressed the most uncertainty and misunderstanding developed so far as the whole bill is concerned. I voted against bringing the matter before the House under those conditions. The majority of the committee, however, thought otherwise, and the bill has been debated

here under the rule and in general debate for 5 hours—an unusually long time for an ordinary piece of legislation.

Mr. Chairman, the debate has in no way clarified the issues here presented. There is more fog than ever. The gentleman from Georgia [Mr. BROWN] tells us that genuine confusion exists in the House and among the people of the country as to just what this bill will accomplish and just what effect it will have on the office of Secretary of Commerce if placed upon the statute books. I should not criticize the Committee on Banking and Currency if it does not understand its bill, because without hearings and further study it could hardly be expected to inform the House. The bill should never have been reported in its present form without committee hearings and investigation.

I have paid close attention to the debate and I admit that the gentleman from Georgia [Mr. BROWN] is right when he says we are all confused. This legislation should not be enacted until there is definite knowledge, not only on the part of the Committee on Banking and Currency, but also on the part of the general membership, as to just what might happen under this proposed law.

Yes; the gentleman from New York [Mr. MERRITT], another member of the committee, who has just addressed the House, reiterates the assertion of the gentleman from Georgia that there is confusion here. I agree with this statement; but I cannot accept as sound his conclusion that the short way out is to pass the bill without any amendments and trust to luck in the hope that the bill does do what is contemplated.

While the incentive back of all this is evidently a desire to make possible the confirmation of Mr. Wallace, with or without lending authority, yet the House should not be swept off its feet in doing something that it should not do. Sane, unprejudiced, unbiased, and thinking legislators must not be stampeded, regardless of expediency, political or otherwise. It is the possibilities in which we should be interested and not the probabilities. This legislation should not be railroaded through the House to make effective any political promises, regardless of how much the proposed beneficiary is entitled to reward for honest, sincere, and untiring campaign effort.

The Department of Commerce deals with the commercial and business interests of the country and no man should be appointed as Secretary who is not qualified to properly administer matters of this kind. The Senate by an overwhelming vote has decided that Mr. Wallace should not be confirmed unless the office of Secretary is so sterilized that much of the power is removed. Present law should not be changed for the express purpose of making it possible for a particular individual to qualify for a job. Mr. Wallace is either qualified or he is not qualified, for the position. The answer to this question rests entirely with the President and the Senate. It is none of the House's business. The House should not be asked to take this extraordinary, unprecedented, unwarranted,

and hasty action without being fully advised in the premises.

Mr. Chairman, it seems to me that wisdom requires that this bill be sent back to the Committee on Banking and Currency where hearings will be held, where representatives of the several agencies to be affected will be given an opportunity to appear and state the facts, in order that an informed committee may draft adequate legislation based upon possibilities and without so much indefiniteness. To this end I shall vote to recommit the bill. In doing this I know that within a week or 10 days a new bill can be before the Congress for its deliberate consideration. To me this course makes sense. Why should the House not concern itself with writing adequate law and leave the duty of confirming Cabinet officers to the Senate?

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. BALDWIN].

Mr. BALDWIN of Maryland. Mr. Chairman and members of the Committee, I want to take this opportunity to try and correct in the RECORD, if I may, my opinion of Mr. Wallace concerning his appointment as Secretary of Commerce. Unfortunately the press this morning in its account of yesterday's action on a vote on the rule misconstrued the attitude of a great many members in voting for the rule to report the George bill. They were quoted as being in favor of Mr. Wallace because they voted for the rule to bring this piece of legislation before the House. I voted for the rule because I thought it was proper and this was the proper place to discuss and debate the question which is before us. But that does not mean that I am for Mr. Wallace for Secretary of Commerce or any other position in this Government because I am not. If I had been in the United States Senate the other day when there was a tie vote, we would not have needed this legislation to eliminate Mr. Wallace from the Department of Commerce, because I certainly would have voted against his confirmation. But I thought this was the proper place to debate this bill, and it was proper that it should be brought before this House for debate as it has been.

We are not dealing in this particular piece of legislation with whether or not we like Henry Wallace or approve of his political and economic philosophies. We have a question to decide in this bill, and the only question involved is whether or not the House is going to approve the action of the Senate in divorcing the lending agencies from the Department of Commerce. It is certainly not the prerogative of the lower branch of the Congress to approve or confirm Presidential nominations. It is beyond our prerogative as Members of Congress to do that. It is unfortunate that the Members of the Senate did not have the courage to meet this question in the right way when it first came before them. Much as I should like to see the confirmation of Mr. Wallace withheld in the Senate, if we send this bill back to the committee have we any assurance that the Senate will reject Mr. Wallace? We do not know what is in the minds of the United States

Senate any more than we know what was in their minds when they held up this confirmation till this bill was reported out. So I say that, considering this problem from every angle, this House and the Members who are now fighting to have this bill recommitted would certainly have a great deal to answer for to their constituents if we should send this bill back to committee, and should then find that the United States Senate took the attitude that we were usurping their powers, and confirmed Mr. Wallace with all the powers he would have without this legislation.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN of Maryland. I yield to the gentleman from Oregon.

Mr. MOTT. The gentleman says he is not sure what the Senate would do. Of course, nobody can be sure, but does the gentleman not think, and is not the gentleman convinced, that if the House passes the George bill Mr. Wallace will be confirmed, but if the House refuses to pass the bill Mr. Wallace will be rejected? Is not the gentleman convinced of that?

Mr. BALDWIN of Maryland. I feel reasonably sure that if this bill passes he will be confirmed as Secretary of Commerce. I have no way of knowing whether, if we do not pass this bill, he still will not be confirmed with all the powers that are now vested in the Secretary of Commerce.

Mr. MOTT. May I ask the gentleman further if he does not believe, in view of what he said, that in voting for the George bill he is making himself a party to the intention of the Senate to confirm Mr. Wallace after this bill is passed?

Mr. BALDWIN of Maryland. I certainly am not, and do not think that for a minute. The Senate is an independent body of this Congress and the Senators have their own responsibility. How they are going to exercise it, I do not know. I have no way of knowing whether or not Mr. Wallace would be rejected even if we passed this bill. I have seen the Senate do so many things and change their minds so often that I do not know and I have no way of knowing—and I do not think any Member of the House knows—what the Senate is going to do if we pass this bill or do not pass it, but I think that to safeguard the matter and to be sure that Mr. Wallace will not have control of the Reconstruction Finance Corporation and the other lending agencies that are taken away from him under the George bill we should pass the bill and be sure of at least that much.

I may say to my Republican friends that they were the first ones who advocated the passage of the George bill. Why? Because they thought it was the only way we were going to stop Mr. Wallace from having these powers. But they have changed and changed, and they are changing again. Let us be consistent. This is not a political measure. This is a measure which is going to assure the people of this country that nobody, neither Henry Wallace nor any other person who is nominated for Secre-

tary of Commerce, will have the vast powers that were, probably without proper consideration, given to the Department of Commerce, even though it has been admirably administered under the leadership of Jesse Jones.

I take this opportunity to say, and I reiterate to my friend, that I am just as much opposed to Henry Wallace, everything he stands for, and his political philosophy, as he is.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN of Maryland. I yield to the gentleman from North Carolina.

Mr. COOLEY. The gentleman made the statement that there is no politics in this controversy.

Mr. BALDWIN of Maryland. I did not say the controversy; I said the bill.

Mr. COOLEY. In the bill, then; but does not the gentleman think it is very strange that no Republican voted for the rule when it was voted on yesterday?

Mr. BALDWIN of Maryland. I cannot answer that. Unfortunately, politics has gotten into it. But this bill, regardless of who is Secretary of Commerce, merely divorces from him the vast powers delegated to him, powers that everyone admits now should never have been delegated to any one man.

I also want to say to my Democratic friends the discussion, and the fight put up over the nomination of Henry Wallace should certainly make us sit up and take notice. I have received numerous letters against the confirmation of Henry Wallace as Secretary of Commerce; and the only letters of endorsement I have gotten have come from the radical socialistic groups in this country, practically all the leftist organizations. Therefore, let us, you and I, as Democrats, wake up to what is happening in this country and to our party. These people who are parading under false banners would not have any chance of getting consideration from the people of this country if they paraded under the label and banner which they should. But they parade under a cloak of the Democratic Party and use it as a shield. They use the prestige of the Democratic Party to break down every Democratic principle and every fundamental principle of the Democratic Party which has been the foundation of the party since its beginning. Those same groups which were organized as independent organizations a few years ago to my mind do not belong in the Democracy, I know, although they come in now and want to be called Democrats. They do not believe in the fundamental principles which have made this country great. You and I as Democrats are challenged to meet this situation. Oh, yes, it is very easy to drift with the tide. It is harder to buck the wind and try to fight off the influence of these organizations and preserve our party, to keep it the Democratic Party as we have known it. I have been called a rebel many times for not going along with the party regardless of what was involved. But I say to you that I will go along with the Democratic Party just as long as they stick to democratic principles and just so long as it is controlled by men who, I believe, believe in

principles of the Democratic Party and in democracy. But I will use every bit of strength and energy and bend every effort to fight the movement which I see within our party to make it the party of the leftists and Socialists in this country and to fool the people who believe in democracy. I intend, whether I am called a rebel Democrat or not, to fight that movement within my party. It is a challenge to every Democrat in this House. Let this be a lesson to us as to what is happening. You are going to have and are having, and we are seeing it day in and day out, people coming into the party assuming the cloak of democracy and practicing a philosophy that has nothing more in common with democracy and democratic principles than democracy has in common with nazi-ism.

The CHAIRMAN. The time of the gentleman has expired.

[Mr. LEONARD W. HALL addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. SPRINGER].

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. SPRINGER. Mr. Chairman, this is an important measure. I doubt if any matter of greater importance has been presented to this great law-making body at this session, than is the one now before us. I make that statement advisedly, because this measure brings before us, directly, the ponderous question of the right of the Congress to determine its own policies, and to function as it was intended to function under our Constitution. This is not alone a question for us today, but this is a question which reaches far into the future. This is a question that will chart the course, in future years, respecting the functions of this body as the representatives of the people. Therefore, as we approach the questions involved in this measure, we should do so with great care and caution. This measure does not merely apply to one man, but it applies to the future policies of this great body. It has a direct application to the deliberations of the representatives of the people, and that is no small item as all will concede.

While we debate this measure, I have been constrained to view with suspicion the hurried manner in which this bill has been brought to the House, by the committee. I was greatly surprised when I learned that only approximately 1 hour was consumed in the consideration of this measure by that committee, and that time was largely consumed in executive session. It is abhorrent to witness the fact that any committee, in the Congress of the United States, with a very important matter pending before it, would make a report upon such measure with but approximately 1 hour of consideration. And, in all such instances, I firmly believe the membership of the House should require a more careful survey and a more exhaustive study of the pending matter before permitting such matter to be considered in the House.

Such a makeshift or cursory examination of any important question is mere mockery and highly objectionable, and the membership of the House should resent it in no uncertain terms.

Mr. Chairman, the very method of handling this measure—which is very unusual, to say the least about it—creates suspicion and confusion in this great law-making body. Quite often the people and the press and the commentators make charges against the Congress, much of which is unfounded. Many of those charges are very misleading, and I am confident, in the main, those charges are without any merit whatever. However, it is such unfortunate instances as we have here—where a committee with an important matter before it reports a measure out for passage without having first given that matter careful and painstaking consideration—that creates suspicion against the Congress and gives rise to the censure that is so often heaped upon us.

The one way to avoid that unjust criticism is to fairly and honestly consider all matters that arise and when a bill is referred to a committee, no matter who or what is involved in it, that committee should give such item very careful and painstaking consideration and after hearings have been completed, and the executive sessions have been held, to make its report fairly and honestly based upon the facts produced before the committee. That is the charted process which should be followed, and that is the process which should have been followed in this instance.

Mr. Chairman, when evidence is produced before this honorable body that any committee in the House has failed to comply with that rule of action—when any committee has reported out any important measure without having first fairly and carefully examined that question, in the usual and regular way, I feel that it is my sworn duty to resist such methods, and to cast my vote in that manner which will, if possible, cause that committee to make a further and careful study of that problem, and to make its report, in the end, based upon the facts adduced before the committee, all to the end that justice may obtain. Any short-cut method, which fails to meet the standard fixed, will not receive my approval. The very purpose of submitting measures to the several committees in the House is thwarted by such short-cut methods and immature consideration, as is here presented. What the Members desire and what the people want are the facts involved in each and every hearing upon each and every measure, and they want full hearings and the full facts presented to them.

May I suggest, Mr. Chairman, that those Members in the House who were not members of the committee reporting this measure out have no hearings, they have no evidence, and they are without advice upon this piece of legislation, except as the same is orally explained to them during the debate upon it. This procedure is not consonant with reason and justice, as that great majority of this membership who were not members of the committee making this report, and

who could not participate in any of the committee discussions, are laboring under a serious handicap on this measure; they have no facts, and they have no evidence before them.

It is my hope that this short-cut procedure will not be forced upon the Members of the House again but that the committees will entertain and hold full hearings upon each measure—make a full and complete report thereon based upon the facts adduced, all to the end that the membership of the House may know what the circumstances are upon which the report was made, and in justice to every other Member when the matter is presented for debate and vote.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. GRANT].

(Mr. GRANT of Indiana asked and was given permission to revise and extend his remarks.)

Mr. GRANT of Indiana. Mr. Chairman, I voted against the rule which has made this bill in order at this time. I did so because I did not feel that reasonable and adequate study had been given the bill in the Banking and Currency Committee where, it was agreed, the entire session devoted to this important measure consumed less than 1 hour.

Many groups which opposed the pending bill, the George bill, at the outset are now among its active supporters and they urge its passage without any amendments whatsoever. The passage of this important measure is urged on the ground that it is advisable to take the lending agencies out of the Department of Commerce. If the rule be sound, and it is sound, then why should not the Banking and Currency Committee have considered the extent of other loaning powers which are within the office of the Secretary of Commerce and are not included within the pending bill?

Why should we not consider the possibility that other loan agencies might hereafter be vested in the Department of Commerce? It is quite generally agreed that the amendments discussed here on the floor of the House by the gentleman from Michigan will be ruled out of order as not germane to this bill. But what about the Export-Import Bank with its far-reaching effect—not only in this country but abroad. The R. F. C. and its kindred agencies are domestic in their application, but the Export-Import Bank is world-wide in its operation. If this House is so anxious to divorce these domestic loan agencies from the Department of Commerce, it should be a hundred times more anxious to make certain that the Export-Import Bank, or any similar agencies world-wide in scope, should not be placed in that Department of the Government.

And what about the possibility of still additional loan agencies being created? We have an R. F. C. and what assurance is there that the Executive might not set up an R. C. F. or an F. D. R.? If such things are done, and those powers vested in the Commerce Department, then the whole action of the Congress in passing the George bill could be completely nullified.

As I said, less than 1 hour was given to this important bill in the Banking and Currency Committee, and I shall vote for the motion to recommit the bill to that committee in the hope that it will be given the complete and careful attention that it demands.

Mr. WOLCOTT. Mr. Chairman, I yield the balance of the time to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, under date of February 5, 1945, I introduced in the House a companion bill to the then George bill in the other body. I was very much in favor of that bill at the time I introduced it. I should like to be able to vote for a similar bill today. Later the other body approved S. 375 in the form in which it is before us today. In the committee I supported the amendments offered by the gentleman from Michigan [Mr. WOLCOTT] in his effort to amend S. 375. When the bill was reported I voted to report the bill. On the floor I voted against the rule, so as to bring out additional studies, and try to get a more acceptable proposal. I shall vote to recommit this bill, and if that vote fails, I shall vote for the bill. My judgment is that Henry Wallace will be confirmed as Secretary of Commerce, irrespective of what this body does with this bill that is before us today.

Mr. Chairman, we shall have before us very shortly a bill which deals with the Bretton Woods report on the stabilization of currencies, and the International Bank. The functions of those two organizations, or machines, as we might call them, will be tied in very closely with that of the Export-Import Bank. We know that the savings of our people are running at the rate of \$35,000,000,000 to \$40,000,000,000 or more per annum; we know that the working capital of our business corporations today approaches \$45,000,000,000. It is the purpose of the administration to have the Export-Import Bank further implemented, to have the Bretton Woods proposals approved by the Congress, the fund and the bank created, and then to use those machines of government for the purpose of channeling out of the United States the surplus funds of the people of the United States, through loans to the people of other countries, those loans being promoted by Government propaganda or educational material, and thus export to other countries the necessary capital to carry out the programs as set forth in the purposes of the stabilization fund and the purposes of the International Bank.

There is no question in my mind but what the international agreements, peacetime and otherwise, will be agreed to by the Congress of the United States. They will, at least for the moment, be accepted by the people of the country, and in due course we shall undoubtedly place back of those, billions and billions and billions of our capital in an effort to make them operate.

It seems to me, Mr. Chairman, that would be sufficient notice to any thinking man or woman, Members of the Congress of the United States, that we should have at the head of the Export-Import Bank organization, the stabilization

fund, and the International Bank, the soundest, the best-qualified men or women that we can find in the United States. In my opinion, Mr. Wallace is not the man for that purpose, and as far as I am concerned, I would not support a proposal which would put him in charge of the Export-Import Bank operations, or the fund, or the International Bank.

The philosophy of the administration is to the effect that our country has developed to a point where we can no longer here at home absorb the savings of our people and that therefore we must export capital from the United States to other parts of the world. That is a policy of the administration. That is the theory and philosophy of those who are guiding the administration's proposals in connection with the fund and the bank and the Export-Import Bank and the building of a great debt.

I am not in a position to agree with that philosophy at the present time, but after you have put three or four hundred billion dollars or more into a war; after you have sacrificed through blood and strife a million or two or three million men and women, and after you have surrendered so many ideals and institutions of liberty and freedom, is it reasonable to assume that the Congress will not go a step further and put these proposals into operation, as an experimental measure, if nothing else, in preference to going into another war 10 or 15 or 20 years from now?

My judgment is that all of these proposals will be approved by the Congress in due time and by "due time" I mean within the next 12, 18, or 24 months. So here is a good time for us to start placing at the head of these operations some very sensible people, the very best we can get.

It is generally immaterial to me who the President puts in his Cabinet, because I accept the philosophy that the President is entitled to put in his Cabinet almost anyone he pleases if that person is accepted as a decent American citizen, and, of course, subject to the confirmation by the Senate. I think Mr. Wallace is—I do not think, I know—so I am not going to waste any great amount of energy on that. But that does not impose upon me the duty or responsibility of supporting him in putting him at the head of an operation similar to the Import-Export Bank, or similar to the Bretton Woods fund, or the Bretton Woods International Bank.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. MOTT. I should like to inquire how the gentleman reconciles his statement that the President is permitted to appoint almost anyone he pleases as a Cabinet member as long as he is decent, with the constitutional requirement that the nomination of the President in that regard must be approved by two-thirds of the Senate.

Mr. CRAWFORD. That of course is all included in my concept, and the acceptance by the Senate as a general rule of whomever the President sends up is an American institution itself. So I am not going to quarrel with that at all. It is

very proper for the Senate to inquire, and now and then decline to confirm, but generally it goes along and supports the Executive. Referring to these lending agencies, in order to secure those dollars the Secretary of the Treasury sells bonds to our people, bonds that are going down in interest rate. In my opinion this cheap money, so-called, that we are dealing with is destroying the savings initiative of our people, is striking at the roots of our whole private enterprise system, because you cannot say to one man that he must put a certain portion of his money in Government bonds and receive 1½ or 2 percent interest on it while at the same time you say to another person that he can invest his money in business that yields returns of 4, 5, or 6 percent on the investment and which is controlled by the Government. We are not going to get away with that kind of a proposition. So the Secretary sells these bonds, and the next issue will undoubtedly bring a lower rate of interest than the present one. That pushes up the market value of the present ones and you get into a whole new field of operations there where new economic forces are put into operation. So we have a fantastic thing before us at the present time in connection with the financing of the war. The Secretary sells these bonds to us in the name of war, but many of the dollars go into the hands of those who manage these Government corporations, and the people do not know what is going on, and every day they are becoming more confused about it, as evidenced by the letters our constituents write us, saying, "If I buy some more bonds what is that money going to be used for?"

If we want money to be spent in Britain or for Britain's benefit we should label it a "British" issue, and by the same token we should say an "Indian" issue, a "Brazilian" issue, or a "Russian" issue, so the people of this country would know what was going on and let them bet their savings on their judgment with a fair knowledge in their hands of what is going on. But no; we have got into all this bucketshop operation which the Government would not permit individual corporations to do at all. It grows worse every day, it grows worse with every bond issue that is put out, and the people over the country as a whole do not know what is going on.

It is time for Congress to assume its responsibility as to who shall head these Government lending agencies. As far as I am concerned I am ready to start today and lay down some very strict rules, because when the next bond issue comes out and the rate of interest is cut, the fellows who purchased bonds in excess of what they wanted to keep in their own portfolios the last time will take another joy ride by selling the last issue at a nice mark-up premium. That is going to be something for us to think about, and that operation will no doubt go on with every issue that comes out.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, Mr. Wallace recognizes that when the war is over and our soldiers return home, there will be a need for approximately 60,000,000 jobs. He foresees that the problem of full employment will be the one absorbing and vital issue. In order that we may not be caught unprepared for peace, as we were for war, he advocates post-war planning. Those who still believe in the laissez-faire philosophy, immediately hold up their hands in horror and then proceed to throw themselves headlong into their fox holes, all the while screaming "Communism," "Fascism," and "Collectivism."

While such actions are dramatic and may impress those who run from phrases or labels, I confess that I am unimpressed. In this modern world the individual who does not plan for the future finds himself impoverished when the rainy day arrives. The businessman, be he large or small, that fails to plan for future contingencies or competition, wakes up in the bankruptcy courts. The nation with no plans for its future, either economically or politically, is preparing for its exit from the international stage. So, Mr. Wallace unhesitatingly states that for the good of our domestic tranquillity and welfare, we must plan for full employment of our people in the post-war period.

FULL EMPLOYMENT THE NATION'S GOAL

By full employment he means that we must strive to reach the President's goal of 60,000,000 jobs when the war is over. He thereupon proposes the basic idea that the American people are entitled to an economic bill of rights. He says:

We now must establish an economic bill of rights not only out of common decency, but also to insure the preservation of our political freedoms.

What are those economic rights which Mr. Wallace advocates? In his appearance before the Senate committee where he testified for over 4 hours, he very frankly outlined them. In his books and in magazine articles, he has clearly and concisely stated his ideas on this subject. Because I believe Mr. Wallace is a man of honesty, and because his ideas of how to solve our future problems present a blueprint for the future, I wish to record his views in his own words on this important subject.

First—

AMERICA'S CAPACITY TO PRODUCE NOW AND IN THE POST-WAR PERIOD

America's known capacities are not difficult to calculate. We are now producing goods and services to the gigantic total of \$200,000,000,000 a year with 52,000,000 workers and 12,000,000 soldiers. * * * America is producing twice as much as she had ever produced before the war. * * * I know and you know, that if we can produce a huge flow of ships and guns and planes and tanks, we can also produce an abundance of houses, cars, clothing, and provide education, recreation, and the other good things of life for all Americans. And I know and you know that when our boys return home from the war and are again able to put their power into the stream of peacetime production, America's capacity to produce will be even greater than it is today.

Having stated our present production capacity and pointed out the increased

potential production capacity when our boys return, Mr. Wallace then pegs the responsibility for employment. What does he suggest?

PROTECTION OF FREE ENTERPRISE

Does he suggest a change in our form of government to some Utopian collectivist form? On the contrary, he comes out firmly for the protection and strengthening of private enterprise. He says:

If we are going to have remunerative jobs for all, we must have an expanded private industry capable of hiring millions more men. I propose that the Government do its part in helping private enterprise finance this expansion of our industrial plant. It will be privately owned, privately operated, and privately financed, but the Government will share with the private investor the unusual and abnormal risk which may be involved in getting started. * * * Through this program we will be merely extending to the financing of old and new business, the principles which have proved so successful in our experience with the V loans, T loans, and the Federal Housing Administration loans.

Thus we see Mr. Wallace advise the Government to stand firmly behind private enterprise. If the goal of full employment has not been reached by private enterprise, then and only then, does he advocate the closing of the gap of unemployment by direct Government action.

He says:

It is inevitable, however, that an economy of free enterprise like ours will have some fluctuation in the number of jobs it can provide. Adjustments in employment are an essential part of an expanding economy.

Whenever the number of gainfully employed in the country falls below 57,000,000 our Government should take prompt steps to see that new jobs are made available to keep the total from falling significantly below that figure.

This is the floor below which we must not allow employment to fall.

THE RIGHT TYPE OF PUBLIC WORKS

What kind of jobs does Mr. Wallace advocate? Does he advocate relief work for the sake of charity or subsistence level employment, leaf-raking jobs which were at one time the means of distributing charity to the unemployed? No; he says:

We must have a reservoir of planned and approved Federal, State, and local projects ready to be tapped. And when employment falls below this floor of 57,000,000 jobs, this reservoir of planned and approved public works should be opened up to provide more jobs and take up the slack. Such useful and essential public works should not produce relief jobs, however. No; they should provide private jobs. This is possible if we insist that this construction be done by private firms under contract with the Government. Private firms employing labor at the prevailing rate of wages and under standard labor conditions.

LABOR'S RIGHT TO DECENT LIVING

What is Mr. Wallace's views on another important principle in the economic bill of rights that is, the right of the worker to earn enough to provide clothing, food, and recreation? His answer is—

America must remain preeminently the land of high wages and efficient production. Every job in America must provide enough

for a decent living * * * the gains made by labor during the war must be retained in full * * * and wage rates should be constantly increased as productivity increases * * * we all know that unless the worker does get his share of increased wages and unless business gets its share of increased profits neither will prosper, and all—businessman, wage earner, and farmer, will lose.

FARMER'S RIGHTS

Mr. Wallace has had a lifetime of experience with the farm problem, as the editor of a prominent farm periodical started by his father, and years of experience as Secretary of the United States Department of Agriculture. He clearly states the farmer's position and future problem. He says, "The right of every farmer to raise and sell his product at a rate which will give him and his family a decent living" is an important principle in the economic bill of rights. He further states:

American farmers now have by far the largest income in history * * * we must assure the farmers that there will always be a market for all their output at good prices. Concretely we should maintain an adequate floor on farm prices and thereby assure the farmer against the danger of falling prices for his products. * * * There should be a comprehensive Federal crop-insurance program which will secure the farmer against the hazards of crop failure. * * * We must press forward with rural electrification and improvement.

PROTECT FREE ENTERPRISE AGAINST UNFAIR COMPETITION

Mr. Wallace believes that the preservation of free enterprise depends upon the protection of small business against the ruthless competition of great monopolies in the domestic field, and their evil parallel in the foreign field, the international cartels. He says:

No special class of business deserves to be the spoiled darling of government. The American people have no interest in preserving the vested interests and monopolistic privileges of greedy big business—we must break through the barriers of monopoly and international cartels that stand in the way of a healthy expansion of free enterprise.

We must overcome the monopolistic frame of mind which thinks of business in terms of restricted output at high prices per unit. We must pass on to the workers and consumers the benefits of technological progress and large-scale production. Free enterprise in the American tradition can flourish only by doing a large volume of business at a small profit per unit. We must protect free enterprise against monopolies and cartels through continued vigorous enforcement of the antitrust laws. Private enterprise yields its full advantage to the consuming public and to other business only when it is genuinely free and competitive. He is a sinister enemy of free enterprise who pays lip service to competition but also labels every antitrust prosecution a persecution.

There must be a place in these new business areas—as everywhere in our economy—for enterprising small firms. It is from these new and small firms that the great industries of the future will grow. We need new industries and new firms to have industrial progress. We must not permit them to be stifled by monopoly.

By a long-range building program we can accomplish the elimination of slums, through the erection of 15,000,000 new houses by private builders. Mr. Wallace says:

To the fullest extent possible, we must assure every family an opportunity for home ownership by making certain that there is available private credit on terms which will reduce the down payment and cut the monthly cost of buying homes one-third.

OUR HEALTH GOAL

Mr. Wallace thinks all our people are entitled to adequate medical care. He believes that by protecting the health of our people we would add to the total wealth of our Nation. He believes that—

Federal and State Governments have just as much responsibility for the health of their people as they have for providing them with education and police and fire protection. We must see that medical attention is available to all the people.

Of course, this is an advanced viewpoint—worthy of a goal for the future—but lest the specter of "socialized medicine" frighten some of our more near-sighted friends, Mr. Wallace goes on to state how this worthwhile object can be accomplished in a practical way, he says:

But this health program must be achieved in the American way. Every person should have the right to go to the doctor and hospital of their own choosing. We need more hospitals and doctors. We should make sure that such facilities are available, and that we build hospitals in every community, rural and urban, that does not now have such facilities for all of its people.

THE RIGHT TO ECONOMIC SECURITY

The platforms of both the Republican and Democratic Parties contained promises to broaden the base of social security. Humanitarians have long deplored the insecurity, privation, and slow starvation of those who, because of sickness and old age, could no longer earn their actual living expenses. In a changed world, a world of potential plenty, can we continue to enforce the rules of a scarcity economy on the sick and aged?

Mr. Wallace says:

We cannot neglect these groups without serious dangers to the stability of our whole economy. A broader social-security program will be needed after the war. Old-age insurance should be adequate to provide all our older men and women with the means for decent living. Our present old-age benefits are definitely inadequate. A decent, self-respecting old-age social-security program, deemed to be a right, not a charity, a right springing from the years of service each person delivers to the sum total of a better America.

EDUCATION FOR ALL

The blight of illiteracy which extends over the backward portions of our Nation is a national disgrace. This was brought to our attention very vividly in the past 3 years when Selective Service turned down over one-half million able-bodied young men because they could not read or write. Millions more had less than a high-school education. One of the most important principles in Mr. Wallace's economic bill of rights is the right to a good education. On this subject, he says:

We must have an educated and informed America. Even now, most of our rural areas

and some of our urban areas are poorly provided with schools. Our teachers are underpaid. Our schools are badly understaffed; we need more schools and at least 500,000 more teachers. Through Federal aid to poorer communities for the development of locally controlled educational programs, we should equalize and extend educational opportunities throughout the land.

We should provide facilities for technical and higher education for all qualified young men and women without regard to their financial means. In this America, the pioneer of free education, the right to technical and higher education should be as universal as the right to a secondary-school education * * *

The millions of more productive jobs that this program will bring are jobs in private enterprise. They are jobs based on the expanded demand for the output of our economy for consumption and investment.

CONCLUSION

These, then, are the ideas of Henry A. Wallace on some of the most important facets of the post-war problem. In my humble opinion, they present an approach to the problems of the post-war period, which must be solved if democracy reaches its fruition. They are a challenge to his opponents, and, until his opponents present a better plan, they remain as an indictment of their narrow and near-sighted approach to the vital problems of tomorrow. Ignore these ideas today, and they will be hurled in your face some day by the boys who are fighting today for an America of opportunity. Because these are the things they are fighting for and expect to get when they return—a job, a decent house to live in, adequate food and clothing, medical services for themselves and their families, social security for their aged parents.

What will you say in that day when unemployment stalks through the land, when the humming factories are silent, when unemployed civilians and returned soldiers gather in sullen groups on the corners of the Main Streets of America? I repeat the question, gentlemen, What will you say when they ask you, "Why did you fight the man who had the courage to voice his vision of a better world?"

You called the ideas of Henry A. Wallace impractical. What alternative do you propose?

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. KELLEY].

Mr. KELLEY of Pennsylvania. Mr. Speaker, the controversy involved in the passage of the measure now before the House is merely one of personalities. If those who are now seeking to strip the Commerce Department of various functions could devise a way to restore to Mr. Jesse Jones his former powers, they would be just as vigorous in their efforts to do so.

It is the historical struggle between progress and retrogression. Every great statesman and man of vision has been persecuted and ridiculed by those who were not ready to acknowledge and recognize the new factors at work in the world and to deal with them realistically.

This Nation is fortunate to have two

such leaders as Roosevelt and Wallace, whose understanding of the problems of the people leads them to devise and work for the economic bill of rights.

(Mr. KELLEY of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield the balance of the time to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, we are faced with a rather unusual situation in the House when a bill has been reported unanimously by one of the major committee of this House, 27 to 0, and then finding one party voting almost unanimously against taking the bill up. It is even more absurd to see the minority party advocating that the bill, which was unanimously adopted in the committee, be recommitted—after the House has had 4 hours of general debate and time to read and consider this bill under the 5-minute rule.

It is even more unusual to hear leading Members of the minority party say they cannot understand this bill and that the situation is confused. In my opinion, the confusion results from a strictly political approach to this piece of very understandable legislation. They are the source of this so-called confusion.

Mr. Chairman, the legislation now before us is the most logical piece of legislation that has been brought before this Congress in recent days. It simply seeks to draw a logical dividing line between two very separate and distinct functions of government, two functions that were thrown together, with the approval of the Congress, in order to honor a man we all greatly respected and in whose business judgment and capacity we had and still have confidence.

We permitted the consolidation of the vast lending agencies with the Department of Commerce because we believed Mr. Jesse Jones was a man of unusual ability. I still believe that, but if you will read Mr. Jones' testimony before a Senate committee, you will find that he admits it is difficult for any man seeking to serve this great country in these two great jobs to find the hours and the long days to do the work that both of these important tasks require.

I may say now that the post-war situation on developing post-war trade and commerce is important enough to demand a full-time director of that business in the Department of Commerce. I say also that the lending functions of this Government are so important that we have the right to demand and expect in the post-war period a full-time director of those lending agencies. That is simply what this bill seeks to do. It gives this normal and business-like division of power, authority, and responsibility that was intended. In business it is unusual to expect any one man to have great talents to serve as both credit manager and sales-promotion manager of a business. Usually any man will lean toward the direction of his greatest interest.

Yet we find presented before our committee and the House a determined attack to confuse this bill with many ex-

traneous issues. A determined effort has been made to embarrass and strip of even logical duties under the Department of Commerce the man the President has nominated for that Cabinet post.

When you dig back down into the reasons for this attack you will find that although it has been slightly over 3 months since the people of this Nation intrusted the President and Commander in Chief with the responsibility through the war to run this country for the next 4 years, they are now coming to the Congress and asking a vote of "no confidence" in him. Why do I say that? You only have to look at the Wolcott amendment introduced in the committee, and if germane to this bill, it will be introduced on the floor, which would deny to the President powers under the War Powers Act to transfer any agency of Government, whether it is necessary to the war or not.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Federal Loan Agency, created by section 402 of the President's Reorganization Plan No. 1 under authority of the Reorganization Act of 1939, shall continue as an independent establishment of the Federal Government and shall continue to be administered under the direction and supervision of the Federal Loan Administrator in the same manner and to the same extent as if Executive Order 9071, dated February 24, 1942, transferring the functions of the Federal Loan Agency to the Department of Commerce, had not been issued.

Mr. GRAHAM. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM: Page 2, line 2, insert a new subsection as follows: "SECTION 1. (a) The term of office of the Federal Loan Administrator created by section 402 of the President's Reorganization Plan No. 1 under authority of the Reorganization Act of 1939, shall be for the period of 1 year, unless he is sooner removed by the President, upon reasons to be communicated by him to the Senate, and he shall receive a salary at the rate of \$12,000 per annum."

Mr. SPENCE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. SPENCE. I make the point of order that the amendment is not germane to the bill. It goes far beyond any purpose of the bill in that it changes the organic law of the lending agency and is not germane to this legislation.

Mr. GRAHAM. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Pennsylvania on the point of order.

Mr. GRAHAM. Mr. Chairman, under the Reorganization Act of 1939 five subjects were set forth under part I. It is not necessary for the purpose of this argument to repeat them all, but I refer particularly to the third subparagraph of the group: "Coordinate and consoli-

date agencies of the Government as nearly as may be according to major purposes."

Under subparagraph No. 1 we find the following:

He shall designate in such cases as he deems necessary the name of any agency affected by reorganization and the title of its head.

In pursuance of the authority granted the President of the United States under this Reorganization Act of April 3, 1939, the President issued his first plan on Government reorganization, being a message from the President of the United States transmitting the first plan on Government reorganization and accompanying orders. That is House Document No. 262 of the first session of the Seventy-sixth Congress.

On April 25, 1939, that document was referred to the Select Committee of Government Organization and ordered to be printed. Under section 402 (a) of that document under the heading "Federal Loan Agency" there is the following:

There shall be at the seat of the Government a Federal Loan Agency, with a Federal Loan Administrator at the head thereof. The Federal Loan Administrator shall be appointed by the President by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum.

At this point, Mr. Chairman, I bring to the attention of the Committee these facts that the Office of Federal Loan Agency was established by the first plan on governmental reorganization. In that plan an agency was first established and a Federal Loan Administrator was created. He was to be appointed by the President by and with the advice and consent of the Senate, and his salary was fixed at the rate of \$12,000 per annum.

My amendment, which is in the nature of a subsection, does only two things in addition to what is set forth. First, it limits the term. Up to this time no term or tenure of office is set forth in the paragraph or section above quoted. There is no change in the salary. It remains the same, at the rate of \$12,000 per annum. The amendment refers to the President's reorganization plan, specifically designating the section referred to.

In addition, as I stated, not only is reference made to the specific section of the President's reorganization plan but also to the Reorganization Act of 1939.

The chairman of the Committee on Banking and Currency has objected to this amendment and made a point of order against it, specifying four reasons. I address myself to one, that it broadens the scope of the act.

Mr. Chairman, I argue to you in all sincerity and all honesty that there is no broadening of this act by this amendment. It does not create a new agency; it does not create a new administrator; the title remains the same, the Agency is still in effect, the Administrator is still designated as the Federal Loan Administrator, and the salary remains the same. Only two changes are embodied in my amendment. One is fixing a definite term, which is surely within the

power of the legislative branch of the Government to do, and the other is the protection to the individual named by the President that he shall not be removed except upon reason communicated by the President.

The Chairman, I further address myself to section 1, article I, of the Constitution, which is as follows:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

All legislative powers are vested in us, the coordinate branches of this Congress, the Senate and House of Representatives.

Under the powers granted, this Congress may declare a war, may issue the rules of war, may borrow money on the public credit, and may levy taxes, imposts, and the like. But in clause 18 of section 8 there is this language:

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof.

That is our authority.

The office of a Cabinet member is not a constitutional office. The words "Cabinet member" do not appear in any legislative act of this Government until the 26th day of February 1907. It is purely an advisory office, subject to the will of the President, and the Cabinet member is removable at his will or whim.

This is a legislative office created under the powers that inhere to us under the Constitution, in which it is delegated to us, in the interest of the protection of the people and the Public Treasury, to enact laws vesting in the departments and bureaus the correct tenure of office. That is the point on which I address myself to the Chair.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard further on the point of order?

Mr. SPENCE. I insist on the point of order, Mr. Chairman.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from Pennsylvania offers an amendment to section 1 of the bill. The amendment provides for two things as to the Federal Loan Administrator. One is that he shall retain his office for 1 year unless sooner removed by the President. The other is that he shall be confirmed by the Senate.

The gentleman from Pennsylvania, in his closing remarks, addressed the Chair on the subject of the Constitution. The Constitution is not involved in this question. The only question that is involved is as to the germaneness of the amendment offered by the gentleman from Pennsylvania.

Rule 16, paragraph 7, has been in force for 123 years. It reads as follows:

And no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

There are numerous precedents on this question. The amendment offered by the gentleman from Pennsylvania [Mr. GRAHAM] provides that the Federal Loan Administrator shall hold office for a year

and be confirmed by the Senate. The bill under consideration has but one object, that is, to remove from the Department of Commerce all of the Federal loan agencies. Therefore, the Chair holds that the amendment is not germane. The point of order is sustained.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am considerably amused by the self-righteousness which has developed on the part of the majority Members in connection with the consideration of this bill. Only necessity has brought about this virtue. When the proposal was made to combine these functions under Jesse Jones you came before us and said, "It is important to do this. This is a good thing to do." Now we are told that the Congress did a bad thing when we permitted Mr. Jones to hold both offices.

I am reminded of an incident that happened at the White House. Somebody has told me that under proper protocol you cannot quote what the President says, so I am not going to quote the President directly but I want to tell you of an incident that occurred in the White House. A few years ago it happened that the then Speaker of the House, the late lamented Mr. Bankhead, and his Senator brother, were concerned over a flood situation down in the South. At the same time there was a drought in some Midwestern States. The Bankheads sponsored a joint committee of the House and of the Senate which went to the White House.

I see the gentleman from Kansas in his seat. He was a member of that committee and he may remember this incident.

The President had prepared for our coming. He proposed solving the problem by handing it over to the Disaster Loan Corporation which had some money and could deal both with flood situations and drought situations. Then noting that some of the members of the joint committee were just a little bit long-faced, the man sitting behind the big desk said, "Oh, yes; I know some of you think Jesse Jones is a tightwad, but it is all right. He protects the Government."

"He protects the Government." That was the White House estimate of Jesse Jones then. And he was a big enough man that the Congress did give him this double job. Now what is said to us? Not that the President has found somebody better or bigger than Jesse Jones, but only that "I have a political debt to pay." And so Jesse Jones is told to get out and the House is told to pass this bill because the functions in the double job should be separated anyway.

Members on my side of the aisle, the minority, did voice doubts about merging the jobs in the first place. They yielded at the time only because of confidence in Mr. Jones. The majority Members did not then or later question the principle involved until it was apparent Mr. Wallace could not be confirmed for the dual position.

So it is not virtue itself but rather it is necessity that drives you to righteous-

ness. This bill is a meritorious bill. The only thing wrong with it is that it does not go far enough. It has two virtues: First, it separates these banking functions from the educational and service functions of the Secretary of Commerce. Second, it establishes an audit for all Government corporations by the General Accounting Office.

That audit of all Government corporations by the General Accounting Office is a thing that ought to be enacted by Congress. It is the recommendation of the Byrd committee. It is embodied in the Byrd-Butler bill which has been introduced in the other body. It is embodied in the identical and companion bill which the gentleman from Mississippi [Mr. WHITTINGTON], and I have introduced, H. R. 2177 and H. R. 2051, respectively.

This is accomplished by section 5 of the pending bill which has been discussed very little but is perhaps the most meritorious part of the bill before us. It proposes to bring all Government corporations under the authority of the General Accounting Office for audit.

The bill ought to be passed. It ought to go further. I voted to vote down the rule yesterday because I thought the bill should go further in two or three directions. It ought to go further in the direction of the amendments which the gentleman from Michigan [Mr. WOLCOTT] sought to offer. It ought to go further in the direction of incorporating the other features of the Byrd-Butler bill, providing for an annual budget program by each of the Government corporations, subject to review by the Congress. It ought to go further. I wish it did. But I am certainly going to vote for the bill because it does two things and is good as far as it goes. And my convictions in this regard are not brought on by any problem of paying political debts.

And I have spoken because I do not want the majority membership to get by with the claim of self-righteousness that they have been making the last 2 or 3 days that this is a good bill and they are for it and that the Republican position is political. How can it be? We have no political debt to pay.

They have not been for the principles of the bill in the past. I am glad that necessity now drives them to a position of supporting these two meritorious propositions: Separation of loaning and borrowing powers from the secretaryship of commerce and establishment of an audit by the General Accounting Office for all Government corporations. Let us keep the record straight.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. LATHAM. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LATHAM. Mr. Chairman, I just want to make this short observation with reference to this measure. I believe I am a liberal. I hold no brief for Jesse Jones. But I could never in good con-

science vote to help put into the important office of Secretary of Commerce an inexperienced, starry-eyed theorist, with wild hair and wilder ideas. I think it is fine for a man to have his head in the clouds, if he also has his feet on the ground. If ever there was a time to carefully select men who are experienced and able, in order to create jobs for returning veterans and to successfully and intelligently grapple with the many perplexing post-war problems, now is the time.

Mr. CELLER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, as I view this controversy raging around the head of Mr. Wallace, in my humble opinion, it is a sort of battle between progressives and reactionaries—between liberals and hard-boiled conservatives—and Wallace is only a symbol in the battle. To those who are opposing Wallace so strongly I say they are forgetful of the constitutional provision which says that only the Senate shall have the right to confirm or disavow an appointee of the President to his Cabinet. In that regard I fear their emotions are getting the better of their calmer judgment.

Among those outside this Chamber who oppose Wallace are the banking fraternity, the industrial bourbons, business troglodytes, and defenders of the status quo; the same group that opposed social security, the Wages and Hours Act, the National Labor Relations Act, the Tennessee Valley Authority, Federal Deposit Insurance Corporation, Commodity Credit Corporation, all forward New Deal legislation that sought the greatest good for the greatest number; that placed human rights above property rights. Most of the selfish opponents of the pending measure and of Wallace, particularly outside this Chamber, I would designate as having the best minds of the eighteenth century. Those advocate a laissez-faire doctrine; they are purblind Adam Smiths. Their words sometimes remind me of that which emanates from old moth-eaten holes of a parlor sofa. The controversy now storming about Wallace's head goes to the heart of the struggle that in these times casts its shadow across the American scene. It is a struggle between progress and retrogression; the conflict between forward looking and backward looking. It is a controversy that will range in history as important as the Lincoln-Douglas and the Haynes-Webster debates. Wallace is sniffed at, smeared, and vilified by the same reactionaries who actually opposed, in the Hoover administration, the original set-up of the Reconstruction Finance Corporation, and later its affiliates—the Export-Import Bank, the Metals Reserve Company, and the Defense Plant Corporation.

They feared these financial entities like the R. F. C. would poach on their private banking and insurance preserves, and they shrieked that they would mean the destruction of private initiative and enterprise. They prophesied that the R. F. C. would usher in bolshevism. Those are the phrases that were used way back in that decade when we brought in the R. F. C. See how solicitous they now

are of the very R. F. C. and Defense Plant Corporation they opposed. They now sing a different tune. They bend those organizations to their own will, of course; they have sucked themselves full from the breasts of these agencies. They fear their unholy source of supply will be cut off. It is high time they were weaned, and Wallace would do just that. Nonetheless, in all this I intend no reflection upon Jesse Jones and numerous of his colleagues for whom I personally have a high regard.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HOFFMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman—

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. HOLIFIELD. Did the gentleman just receive instructions from the minority leader?

Mr. HOFFMAN. As I have at times told the leaders on the majority side, unlike the membership over there on your side of the aisle, we individually over here do our own thinking, our own speaking, and cast our votes as judgment dictates.

That course involves a little more work, a little more research, a little more thinking than does the one of playing the game of following the leader, as the majority seems so often to do.

Permit me also to express regret that the gentleman from New York [Mr. CELLER] has so unfavorable an opinion of those who at the moment happen to disagree with his conclusions.

As I listened to him, it became very, very clear that no one, whatever may have been the service rendered to his country, however great his intelligence, however sound his judgment, who ventured to disagree with the gentleman from New York [Mr. CELLER] could be intelligent, possess sound judgment, be patriotic, or have any knowledge of what was transpiring, or of what was good for the Nation as a whole.

It is indeed fortunate that the gentleman from New York [Mr. CELLER] is here to advise and instruct us. It is well also, perhaps, that so few of us follow his advice. Or it may be that, if he continues, from the vast store of his knowledge, to advise and instruct us, we may some day be able to follow in his footsteps and attain merit in his eyes. In the meantime, most of us will just struggle along, doing our best attempting to exist without his approval.

Many times, members of the minority have been advised that they were guilty of all sorts of unpatriotic acts as well as thoughts, because they did not, without criticism or questioning, accept the ideas, the proposed legislation, handed down from the other end of the Avenue.

Well do I remember the occasion when all of those who would not vote to cheat

the service people by giving them the Federal ballot, but insisted that those in the service be given full opportunity to vote, were charged with seeking to deprive the soldiers of an opportunity to vote.

Yet the result shows that those of us who insisted upon the so-called State ballot were right and, since the figures have been handed out, we have heard little, if anything, from the floor of the House about the sin of refusing to accept the Federal ballot.

Well do I recall that, a few days ago, we were cautioned by the leadership on the majority side—and the Speaker himself took the floor—that if we did not pass that work-or-fight bill right away, even before 5 o'clock of that day, we were going to lose the war. We passed it. It went over to the other body; and there it is, buried. But, contrary to the predictions, the war has not yet been lost and the news from the front today is most encouraging. I wish some of the gentlemen who were so anxious to win the war would go over there and dig it up if they can find it.

TRIMMING THE OFFICE TO FIT WALLACE

When on February 15 the rule making in order consideration of the so-called George bill was before the House the majority leader the gentleman from Massachusetts [Mr. McCORMACK], advocating the adoption of the rule, among other things said—and I quote:

This bill is before us to undo something that we did. The responsibility for the situation that exists rests upon the Congress of the United States. It is our responsibility, because we brought that condition about by legislation that passed this body and passed the other body. I am frank in stating it should never have been done.

The present bill has, as its purpose and objective, undoing that which we did before and which we should not have done. Mixing the appointment of Mr. Wallace with the passage of this bill is unsound thinking, in my opinion. So far as most of my friends on the left are concerned, you and I know that it is politics, unadulterated politics, that prompts them to do that. The proper thing for us to do is to pass this bill and undo the harm that we have already done.

The effort, so far as voting down this rule is concerned, and so far as the Republican Party is concerned, and the great majority who will vote against ordering the previous question, I repeat, is unadulterated politics.

Speaking only for myself, permit me to say that I agree with the gentleman that the vote on the rule and on the bill, for that matter, will be actuated by political motives.

The gentleman now frankly concedes, and circumstances force him to concede, that the act granting this power to the President should never have been adopted.

It was put through Congress in June of 1933, long before we were at war and it was not a war measure. It purported to be an act to encourage national industrial recovery, to foster fair competition and to provide for the construction of certain useful public works and for other purposes.

The Export-Import Bank was created by Executive Order No. 5681 of February 2, 1934, pursuant to the authority of

section 2, title 1, of the National Industrial Recovery Act (Public Law No. 67).

While the gentleman from Massachusetts [Mr. McCORMACK], the majority leader, now says that the House should never have given the President the authority which he now exercises, it will be recalled that he voted for the adoption of the rule which enabled the House to consider the bill and that he voted for the bill upon final passage.

At that time, it was acknowledged that the passage of the bill would make the President of the United States a dictator over industry. Mr. Pou, chairman of the House Committee on Rules, calling up the resolution which made the bill in order, among other things said:

So, Mr. Speaker, it amounts to this: Those gentlemen who sincerely desire to follow the President—

See! The old, old story. That was before the war. That was back in June of 1933.

Those gentlemen who sincerely desire to follow the President of the United States—

And I may say to the gentleman who just asked me whether I had received my instructions; sometimes, you know, I do not follow the President, but you on that side seem to follow him, and you follow him when he is wrong just the same as you follow him when he is right.

Those gentlemen who sincerely desire to follow the President of the United States in his effort to bring this Nation out of the bottomless pit of hell—

Just look how far down we had gotten, way down in the bottom of hell!—

in which we find ourselves will support this rule. It is up to you whether you take it or leave it.

Now, listen to this—this is a Democratic chairman of the Rules Committee speaking back in 1933:

It is very true that under this bill—and I shall not attempt to discuss its merits—

They seldom do. They just listen for the crack of the party whip.

The President of the United States is made a dictator over industry for the time being. But it is a benign dictatorship.

Well, now, ask some of these folks who have been under this dictatorship.

Sad to relate, the gentleman was completely mistaken, and we now know that the power which the President said he had returned to Washington and which, in improper hands, he said would shackle the liberties of the citizen has now fallen to a large extent into improper hands, and it is now proposed to give to the spender, Mr. Wallace, the power to dissipate the resources of the Nation.

But the party of the gentleman from Massachusetts [Mr. McCORMACK], although this bill was acknowledged by the chairman of the Rules Committee, his fellow party member, to make the President a dictator over industry, forced it through the House, and, under it, the President has created this vast authority which now, as a reward for political service, he would place in the hands of Henry Wallace, one of the spokesmen for the P. A. C., a man who is acknowledged as a candidate for the Presidential nomination of 1948.

The gentleman from Massachusetts [Mr. McCORMACK] yesterday charged the Republicans with being motivated by political considerations. In my judgment, that charge is true. In my judgment, this has been a political matter from the beginning.

The purpose, from the day when the dictatorship bill was passed, in June of 1933, has been to give to the President and his henchmen political power and the taxpayer's money to aid them in imposing their political theories upon the people of the United States.

Experience has now demonstrated, according to the gentleman from Massachusetts [Mr. McCORMACK], that that power was improvidently granted; that it should never have been given to the President. He now seeks, as he said, to—and I quote—"undo the harm that we have already done."

His repentance, his admission that he sinned, is encouraging. But I doubt very much whether he has been converted; whether any degree of reformation has taken place.

From the President's own letter we know that, as a reward for political service rendered, in payment for mileage traveled and speeches made by Henry Wallace, the President has appointed him to be Secretary of Commerce.

We know that, in 1940, the President told the Democratic National Convention that if they wanted him as their standard bearer they would take Henry Wallace as his running mate.

We know that in 1944 the President ditched Mr. Wallace in favor of Mr. Truman, in order to secure the support of the Southern Democrats and certain members of the Democratic Party.

We know that in August 1944, after the Democratic Convention was over, after Mr. Wallace had been denied a place on the national ticket, the President congratulated him on his fight for the Vice Presidential nomination and told him that, so long as the present administration remained in office, an important post would be open to him.

We know, too, that in the letter of January 20, last, written to Mr. Jones, in which Jesse Jones was notified that he was fired, he was also told that Henry Wallace deserved almost any office which he might think himself qualified to hold.

The letter to Mr. Jones and the prior proceedings and statements make it clear that, in violation of section 249 of chapter 8 of title 2 of the Code and in violation of section 61 (b) of title 18 of the Code, the President, as a reward for political service rendered, appointed Mr. Wallace.

So the gentleman from Massachusetts [Mr. McCORMACK] should not complain that Republicans are guided by political consideration.

The Democratic majority in the other body has concluded that it would be dangerous to permit Henry Wallace to exercise the power now held by the Secretary of Commerce.

It is evident that, because of his political beliefs, an overwhelming majority of the other body regards him as a dangerous administrator. Yet, instead of voting squarely upon the issue, the other body seeks to minimize the harm which

might be done by his confirmation by stripping the Secretary of Commerce of a portion of his power—therefore the George bill.

If Mr. Wallace is an unsound administrator of the power now possessed by the Secretary of Commerce, he would be an unsound administrator to entrust with any Federal power.

As a Republican, I do not believe in the theories nor the practices of Henry Wallace. Therefore, it is my purpose to do everything I can to prevent any power, any office, being granted to or given him.

It is matter of common knowledge that he is a political ally of the P. A. C.; of Earl Browder, the Communist; of many other leftist groups. It is matter of common knowledge that his theories, if followed, would strip this Nation of ours of its natural resources—yes, and of much of its manpower.

It is matter of common knowledge that he believes, instead of caring for our own people, promoting our own national welfare, we should look after nations and people on the other side of the seas, even though we impoverish—yes, beggar—ourselves; make paupers of our people, force them to a substandard of living. He would give to the Hottentots and the Bushmen a quart of milk a day, but to our own people the bluest of water.

How any northern Democrat or any Democrat from the South or from the far West can vote to place Henry Wallace in a position of power, where Federal funds to the amount of billions of dollars can be added to the millions of dollars of the P. A. C. under Sidney Hillman, and all used to change our whole theory of Government, defeat sitting Members of Senate and of House, who believe in the American system, and, in their place, elect the representatives of the P. A. C., of the Communist Party, who believe in some sort of ism which is un-American, is beyond me.

When I vote to give my political opponent public funds and public power to aid him in defeating me, I will be older than I am now.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KOPPLEMANN. Mr. Chairman, I move to strike out the last four words.

(Mr. KOPPLEMANN asked and was given permission to revise and extend his remarks.)

Mr. KOPPLEMANN. Mr. Chairman, yesterday I told the Members of the House something of the remarkable work performed by Mr. Wallace on behalf of the insurance industry of America when he saved the farms and the farmers. The insurance companies had millions of dollars invested in mortgages on farms and, through his realistic economic policy which he put into practice, he saved in a large measure not only the insurance companies but the policyholders as well.

Something has been said here about why Mr. Wallace was appointed, and the claim was made that it was a political move. Let me tell you something of the other side of the story.

Seldom have words been tossed about with so little meaning as in the recent criticisms of Henry A. Wallace as a visionary, a dreamer, and a wild-eyed

radical. What are these words supposed to mean?

The history of this country is full of visionaries and dreamers. They are the men like Patrick Henry, Washington, Jefferson, Lincoln, and Wilson, whose spirit and vision gave us America.

What kind of men are these who have so little faith in our country's future that a program of 60,000,000 jobs for American workers seems to them an idle dream? What does this war and all the sacrifices it has cost mean to the people who consider equality and justice for men of every color, creed, and industry as visionary? What sort of future can our workers and veterans expect from those who look upon decent housing, adequate medical care, and social insurance as wild-eyed radicalism?

The little people of America, the farmers who prospered when Wallace was Secretary of Agriculture, the workers who stumped for him at the Chicago convention, and the little businessmen who need his help—they know what his experience has been and they are satisfied.

The vested interests against Wallace have overplayed their hand. They have exerted all the pressure they could muster for Wallace's defeat. They have attempted to snuff out a flaming candle of hope and inspiration to 60,000,000 people. These 60,000,000 have not and will not sit silently by. They demand Henry Wallace for Secretary of Commerce.

When the devaluation of the dollar was under consideration, there was much discussion about the so-called commodity dollar. Sir Joshua Stamp, the famous economist and financier, made the statement that there were only 12 people in the world who understood international finance, monetary values, and exchange, and he named among these 12, Henry Wallace.

For years Henry Wallace kept a large book in which were entered daily the prices of the commodities on the Fisher index in various markets all over the world. When Wallace was asked why he kept these elaborate figures, he said in order to keep himself posted on the values of the prices that farmers would get for their crops in terms of United States dollars.

Wallace, through the Department of Agriculture, instigated and carried on terrace plowing and farming throughout the hilly sections of the South, thus improving the quality of the crops by the retention of a topsoil which ordinarily would be washed away as a result of heavy rains.

In some areas, under the old Resettlement Administration, as high as 85 percent in dollars of the farm loans were repaid in the first 3 years. This was notably true in New England where loans were used to pay off farmers' debts.

The operations of the Department of Agriculture, in cooperation with large packers, offers plenty of evidence of Wallace's cooperation with private enterprise everywhere.

I have many letters and telegrams from the people who urge my vote for

this bill. They give as their reason that they want a lasting prosperity and a higher standard of living. These people who have written me come very largely from what are termed "the independent voters of this country." They look to Mr. Wallace, with his God-given qualities, as a leader and a guide in the difficult days that are ahead of us.

To me, it seems that the fight over Mr. Wallace has reached a new low in misrepresentation and recrimination.

The record of Mr. Wallace as a public servant has amply proven to America and the world that he is a man of tremendous mental and practical ability. His social ideas are not alone mine but the ideals of all progressively minded people. It would be a loss to America if his services were refused by any act of our Congress.

Like most humans, he has some foibles and even frailties, such as diets, a belief in the Bible, respect for his fellowmen, and belief in the dignity of labor.

I urge upon you for the good of America and our people that you vote for the bill that is now before us.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Do I understand that the gentleman is supporting the pending bill?

Mr. KOPPLEMANN. I am.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. JONKMAN. Mr. Chairman, I move to strike out the last five words.

(Mr. JONKMAN asked and was given permission to revise and extend his remarks.)

Mr. JONKMAN. Mr. Chairman, the appointment of Henry A. Wallace as Secretary of Commerce, which brought about this bill, S. 375, together with the so-called directive of General Hershey, requiring the reclassification of agricultural workers, and H. R. 1752, the so-called May, work-or-fight, work-or-jail, work-or-starve bill, amending the selective service law, appear to me to be all parts and parcels of the same plan and pattern. That pattern and plan is to strengthen bureaucratic controls of our economy and our social order in anticipation of the possible—I say the possible—cessation of hostilities in Europe.

Each one of these is tainted, if not polluted, with manifestations, misrepresentation, and distortion of facts, which manifests nothing other than reaching for bureaucratic power which has been the ruling and consuming passion of New Dealers for 12 years.

Of the May bill, which passed this body last month on the pious plea that it would be administered by the draft boards and not by the bureaucrats, a prominent Democrat on the Hill is alleged to have said a few days ago:

Officially and on the record they advocate that the powers under the bill be delegated to Mr. Justice Byrnes. In private contacts with Senators on the Military Affairs Committee they urge that these powers be placed under the selective service. This is a good example of the dirty double-crossing that

goes on in the executive departments of this administration.

The gentleman does not only say that he thinks this is an act of double-crossing, or that it is an act of double-crossing, but that it is a good example of the double-crossing that is constantly going on in the administration. Now we do not have to ask who is double-crossing whom and why. To even the superficial observer it has been obvious that ever since the New Deal, and for over 12 years it has contained an element which seeks to change our economy and social order and gain perpetual and totalitarian control of the Government of the United States. That it must work under cover and pretends one objective when it seeks the opposite, springs from the very nature of its objectives.

It is not of primary importance that through the May bill the bureaucrats are double-crossing the old-line Democrats or the IV-F's who will be forced to work where told or go to jail. But of a certainty it is important that the people are thereby saddled with bureaucratic instead of democratic government.

When General Hershey used an alleged offhand statement by the President, who could not possibly know the facts, that the 360,000 deferred farm hands between the ages of 18 and 26 were more necessary in the armed forces than on the farm, and that the old people could operate the farms, and published the directive of January 3, he in effect repealed the Tydings amendment. That he thereby double-crossed the draft boards, the farm hands, and the farmer is of secondary importance. But of far greater importance is the fact that the American people, whose Congress has made the Tydings amendment the law of the land, were by this unlawful action of General Hershey, robbed of democratic government and handed government by bureaucracy instead.

Who is being served by the firing of Jesse Jones and the hiring of Henry A. Wallace as Secretary of Commerce? The people of the United States? No one, not even the least enlightened, can read the President's letter to Jesse Jones and be so naive as to believe that. No; the President says in his letter that Jesse Jones has done a splendid job and he is well pleased with Jesse's work but—Henry says he wants Jesse's head.

And while, like King Herod, when certain interests demanded the head of John the Baptist, he regrets to do it, the Wallace crowd has dictated and so the political head of Jesse Jones is served to them on a platter. The President is still clearing everything with Sidney.

Time was when the people did not know of the connection between the Hillman crowd and the Wallace crowd, or that they were identical. For instance, how many people realized that in 1940 the Wallace crowd demanded the head of Jack Garner and dictated the nomination of Wallace as candidate for Vice President. It was thought that Mr. Roosevelt dictated this nomination when he told the convention leaders he would refuse to run unless Wallace was nominated. The "clear everything with Sidney" in the 1944 convention and the Jones-Wallace

fiasco certainly throw the light on who was the dictator in 1940.

Henry A. Wallace has exercised far more influence in the New Deal and the changing of our economic and social order than most people realize. Of course they know him best as the man who was responsible for the plowing under of crops and the killing of the little pigs in 1934.

His prominence, together with that of Rexford Tugwell, in a ring that sought to change our social order and economy, leaked out at a dinner party as early as September 1, 1933, which culminated in a congressional investigation in the matter of letters from William A. Wirt, a superintendent of schools in Gary, Ind.

The leak was occasioned by two heads of departments in the Department of Agriculture, and Henry Wallace and Rexford G. Tugwell, Secretary and Under Secretary of that Department, were referred to as sponsors of a "concrete plan to change our social order." Truc, the congressional committee investigating reported that Dr. Wirt had dreamed the whole thing, but the minority report states otherwise, and clearly claims that the investigation was a case of suppression and whitewash. I am satisfied that a vigorous and impartial investigation would have uncovered plenty of corroboration for Dr. Wirt.

In fact, two planks of the plan were already palpably fait accompli at that time, and a third was palpably in operation until in 1935 it was stopped by the Supreme Court. I have reference to the third, fourth, and fifth planks of the concrete plan as I gave it on January 23. They are:

Third. Commercial banks cannot make long-time capital loans, so destroy by propaganda the other institutions that have been making capital loans.

Fourth. Then push Uncle Sam into positions where he must make these capital loans.

Fifth. When Uncle Sam becomes our financier he must also follow his money with control and management of industry and commerce.

Now, Mr. Chairman, had the people known of this concrete plan, they would have understood the bank holiday of March 1933. The people would have understood why Governor Comstock, the then New Deal Governor of my State, closed the Michigan banks on February 13, 1933, sabotaging the rest of the banks in the United States which were not closed, until Mr. Roosevelt took office on March 4. Then they would have understood why the majority of sound and solvent banks were closed along with the smaller number of unsound ones.

The bank holiday was not aimed at the insolvent banks, which were few. With bank examiners going through the books of every bank once or twice a year, they could have selected those which were insolvent or tottering and closed these only. But instead they gave the country the tremendous shock of stopping its economic blood circulation entirely.

Last year the Michigan banking commissioner reported that up to that time the 564 State banks, closed in Michigan

by the bank holiday, had paid back 94 percent of their deposits, and that after all the waste and loss from forced liquidation of assets.

Now, had the people known of this concrete plan, they would have recognized that the bank holiday was in accordance with it and the teachings and writings of Karl Marx and other socialists who have always advocated the taking over of the credit facilities, banks and finances of a country as the first necessary step to change the social order. The bank holiday made 1933, the first year of Mr. Roosevelt's administration, the blackest year of the depression, and when the banks were permitted to reopen, they had been shorn of their ability to make long-time capital loans in accordance with the plan, and this function had been transferred to Federal loan agencies, the very agencies that Henry Wallace and his crowd would now like to control and use for their "milk business."

I need not discuss the fifth plank, for we all remember how the closing of the banks was immediately followed by the N. I. R. A., which regimented all labor, industry, and commerce, and which happily was knocked in the head by the Supreme Court decision of 1935, and put a crimp in this socialization plan.

I would like to discuss other planks in this concrete plan, but time forbids. It is my opinion that these loan agencies should be divorced from the control of the Secretary of Commerce, and, therefore, I shall probably vote for this bill, but I do not like the method under which it is accomplished, and which has for its purpose to put Mr. Wallace in a position where he can again carry on his socialization schemes, which are contrary to the American way of living which with all its faults and vices, has raised the American people to a higher plane of living in every way than that enjoyed by any other nation under the sun.

Mr. RANKIN. Mr. Chairman, I move to strike out the last 10 words.

Mr. Chairman, I rise in defense of the divided Democratic majority in this House. I am tired of hearing them imposed upon and criticized unjustly. They correctly state their position, but give the wrong reason for it. While a majority of the Democrats are opposed to the motion to recommit, they are more divided as to the reasons for their respective positions than the Members on the two sides of the House are divided by the party aisle. About half of them are voting against the motion to recommit because they want to give Mr. Wallace more power, and the other half are voting against it because they want to keep power away from him. One crowd is voting its enthusiastic confidence in Mr. Wallace's fitness for Secretary of Commerce, and the other crowd is voting its positive lack of confidence in Mr. Wallace's fitness to head the R. F. C.

It is the most anomalous situation I have ever known. When this bill was sent over here by the other body it reminded me of the old man who saw the burglar come in the front door. He turned in the burglar alarm, scrambled

under the bed, and shouted to his wife to hide the family assets.

It is nothing in God's world but a storm cellar in which some of them hope to escape the righteous wrath of an outraged public opinion.

I do not want you Republicans to keep abusing men on my side who are already mad at each other. The pro-Wallace crowd is hardly on speaking terms with the anti-Wallace crowd, who are voting with them.

We have just had that great statesman, the gentleman from New York [Mr. Celler], preaching Mr. Wallace's virtues to the very crowd that has less confidence in his argument than anybody else in the House.

We have just had that great window-sill farmer from Connecticut [Mr. Koppelman] telling us what a wonderful servant this man is who now proposes to give every Hottentot a quart of milk a day—telling us what a wonderful thing he has done for the farmers—although the gentleman from Connecticut [Mr. Koppelman] would not know a cotton stalk from a cocklebur. He would not know wheat from barley. Why, I dare say that he imagines Mr. Wallace taught all the farmers how to milk ducks.

He is for giving Mr. Wallace all power, while others who are voting with him against this motion to recommit, do not want him to have any power at all.

In 1933 this same Mr. Wallace was having the farmers of this country killing the pigs and plowing up the cotton that had already matured, in order to promote prosperity. Ten years later he came into this Capital and ate muskrats at a public banquet as an example of thrift to the rest of the country. No wonder my colleagues are so badly divided.

I think it is unfortunate that this bill has come over here in this form and under these conditions to have enthusiastic Wallace fans lecture us farmers about what he has done for the farmers of the country, and others to magnify what he did to them.

Many fear that he is getting ready now to do something to the businessmen of the country; and that if he is as successful in plowing under commercial enterprises and killing small-business establishments as he was in plowing up matured cotton and killing all little pigs, they are in for a bad night—under his new order.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I move that debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

[Mr. KEEFE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The Clerk read as follows:

SEC. 2. All powers, functions, and duties of the Department of Commerce and of the Secretary of Commerce which relate to the Federal Loan Agency (together with the respective personnel, records, and property, including office equipment, relating to the exercise of such functions, powers, and duties) are hereby transferred to the Federal Loan Agency to be administered under the

direction and supervision of the Federal Loan Administrator.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from North Carolina is recognized for 5 minutes.

Mr. COOLEY. Mr. Chairman, the record of Henry A. Wallace while Secretary of Agriculture needs no defense. During the time that he served as Secretary of Agriculture more legislation which has been beneficial to farmers was enacted into law than during any other comparable period of time in all of our history. While he was Secretary of Agriculture he did more to aid the farmers of the Nation than any of his distinguished predecessors. If that is not a correct statement I would yield for any Member of the House who wishes to challenge its accuracy.

Mr. MURRAY of Wisconsin. I could not point out a time I may say to my colleague from North Carolina in which more legislation was passed, but it would be a simple matter to point out where legislation already on the books for the farmers of this country yielded a greater income than they got during the 8 years of the regime of Henry Wallace as Secretary of Agriculture.

Mr. COOLEY. But my friend must remember that the farmers of this Nation had never been in such a deplorable condition as they were at the time when Wallace became Secretary of Agriculture.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. McCORMACK. Will the gentleman refresh the memory of the gentleman from Wisconsin as to what cotton, wheat, corn, and all farm commodities were selling for when Hoover got through?

Mr. COOLEY. I believe the gentleman from Wisconsin is thoroughly familiar with the prices which prevailed and the situation which existed at that time.

Mr. McCORMACK. No; I do not believe he is. He does not want to go back to those days.

Mr. MURRAY of Wisconsin. The gentleman asked someone to answer his question. I am ready to answer his question.

Mr. COOLEY. I shall be glad for the gentleman to answer.

Mr. McCORMACK. The gentleman has a poor memory.

Mr. MURRAY of Wisconsin. The gentleman from North Carolina asked for it.

Mr. COOLEY. Yes; I asked for it. This idea of standing on the floor of the House and ridiculing and vilifying Mr. Wallace just does not seem appropriate, in view of his splendid record. Never before in all history was as much done for agriculture as was accomplished during the time that Henry Wallace served as Secretary of Agriculture. There is no need for me to enumerate the many things he advocated and did. His record will stand as a monument and the farmers of the Nation will always remember him and they will remember him as their friend. How many other Secretaries of Agriculture do we remember? We shall always remember Henry Wal-

lace because of his outstanding record, but I want to ask the Democrats of this House to tell me the name of Henry Wallace's immediate predecessor. Is there a man here who can even name him? Can it be true that we have forgotten him so soon?

Mr. RANKIN. Wallace.

Mr. COOLEY. Oh, no; Wallace's father was Secretary of Agriculture under Coolidge. What I want to know is who was Henry A. Wallace's immediate predecessor. We have had many Secretaries of Agriculture, but I will bet that there is not a Member of the House who can name three of them.

Mr. MURRAY of Wisconsin. I could.

Mr. COOLEY. The gentleman could?

Mr. MURRAY of Wisconsin. Yes.

Mr. COOLEY. I am glad to know that the gentleman is so well informed, but I would still like to know the name of the man who Mr. Henry A. Wallace succeeded. Personally, I think that Henry A. Wallace made a great Secretary of Agriculture and I would be perfectly willing to entrust him with all of the powers that are now being exercised by Jesse Jones. I am sure that he would be faithful to every trust and that he would discharge the duties of his office with great ability and with distinction.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. PHILLIPS. The gentleman has me very much confused. Was not the gentleman from North Carolina chairman of the subcommittee that investigated these activities of Mr. Wallace?

Mr. COOLEY. Oh, yes; I was chairman of a subcommittee that investigated the Farm Security Administration, which, I am frank to say, was not properly administered, but Mr. Wallace had nothing to do with the creation of the Farm Security Administration. It was created by an Executive order of the President, but everyone knows that Mr. Wallace has carried the fight for relief and for the rehabilitation of the underprivileged men and women engaged in agriculture.

We have heard a lot about the national farm program. Now I want to ask you Republicans over here to pick out and name one part of the national farm program that you want repealed.

Mr. PHILLIPS. I will refer the gentleman to the report of his own committee.

Mr. COOLEY. The gentleman is also a member of the House Committee on Agriculture.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. MOTT. In addition to that part of the New Deal farm program which was repealed by action of the Supreme Court and the Congress I would like to see the Reciprocal Trade Agreements Act repealed.

Mr. COOLEY. I do not agree with the gentleman, but at least he has the courage of his convictions.

Henry A. Wallace is a great American, and yet as a citizen of the world he loves the earth and those who till the soil, and he has always been interested in the welfare of the farmers of this Nation. With

sterling integrity and with a genius for work, he has applied himself diligently to the discharge of every duty which has been assigned to him in the different capacities in which he has served his Government. He is neither a "pink" nor a "punk" nor a fly-by-night man. Let us not overlook the fact that in addition to his service in the Cabinet as Secretary of Agriculture, he was actually elected by a popular vote of the citizens of this country to the high office of Vice President, and even when he was not nominated he did not become ruffled and he did not display white feathers. As a thoroughbred he took his defeat and continued to champion the cause to which he has devoted his life. In defeat or in victory he is still a champion of the cause of agriculture and the rights of the underprivileged in all walks of life. His greatness depends not upon his confirmation as Secretary of Commerce, and defeat will not destroy him. When the history of the past decade is written his name and his fame will cover one of its brightest pages, and through the decades to come he will be remembered as a friend of agriculture.

Henry A. Wallace knows that our Nation is and ever shall be a part of the world. He further knows that as a nation we must play a major role in the rehabilitation of a world that is now being devastated by the cruel arts of war. He is the man who advocated and sponsored the ever-normal granary, and as a result of his great vision our storehouses were filled to overflowing with food and fiber, and agriculture was ready for the conflict when war was suddenly thrust upon us. Just because he has suggested that we should aid in the rehabilitation of a distressed and starving world, an effort is now being made to crucify him. You and I know that after we have liberated the peoples of other nations we shall very definitely aid in their rehabilitation, and yet we seem to find fault with the man who reminds us of the duties which will devolve upon us in the post-war world.

I believe that most of us on both sides of the House are for the pending bill, yet many Members will vote against the bill in an effort to bring about the defeat of Henry Wallace as Secretary of Commerce. Frankly, I do not know of a man in America who is better qualified to discharge the duties of the position as Secretary of Commerce than is the man who has recently been designated by the President. I, therefore, hope that this bill will be passed, to the end that the confirmation of Henry A. Wallace as Secretary of Commerce may be facilitated.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I understand there are no amendments pending to section 2. I therefore move that all debate now close on section 2 and all amendments thereto.

The motion was agreed to.

The Clerk read as follows:

Sec. 3. The unexpended balance of the funds made available to the Secretary of

Commerce by Public Law 365, Seventy-eighth Congress, approved June 28, 1944, for administrative expenses of supervising loan agencies, shall be transferred to the Federal Loan Agency to be used for the administrative expenses of that Agency.

SEC. 4. No functions, powers, or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941, or any other law unless the Congress shall otherwise by law provide.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 2, line 20, at the end of section 4, add a new section as follows:

"Section 1 of Public Law 354, Seventy-seventh Congress, is amended as follows: At the end of said section 1 strike out the period and insert a colon and the following: 'Provided further, That hereafter, no order providing for the redistribution of functions or providing for the transfer or consolidation of any existing executive or administrative commission, bureau, agency, Government owned or controlled corporation or office, or the duties, powers, or functions thereof, shall be effective unless the Congress shall provide otherwise by concurrent resolution.'"

Mr. SPENCE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. SPENCE. Mr. Chairman, the purpose of the pending bill is merely to take out of the Commerce Department the Reconstruction Finance Corporation as it now exists and there is no change made in the organic law. This amendment attempts to repeal the War Powers Act vesting in the President all the extensive powers necessary for the successful prosecution of the war.

The proposed amendment certainly cannot be germane to the pending bill. I make a point of order against the amendment for the reasons stated.

The CHAIRMAN. Does the gentleman from Michigan [Mr. WOLCOTT] desire to be heard?

Mr. WOLCOTT. Mr. Chairman, this is one of the amendments which was submitted to the House Parliamentarian. It was also submitted to the Banking and Currency Committee when the bill was under consideration. It was one of the amendments which because of the informal opinion given by the House Parliamentarian we asked to have made in order by the Rules Committee.

Failing that I present it to the House for such action as is desirable and merely make the statement that I have always taken the position the amendment is in order inasmuch as the bill itself seeks to amend the authority of the President under this act and this is merely a further limitation upon the President's authority to transfer and consolidate executive agencies.

The CHAIRMAN. The Chair is ready to rule. This amendment was submitted to the Chair beforehand.

The gentleman from Michigan offers an amendment. The gentleman from Kentucky makes the point of order that it is not germane. The amendment offered by the gentleman from Michigan seeks to take from the President all authority under the War Powers Act. The

War Powers Act was reported to the House by the Committee on the Judiciary. Again the Chair calls attention that the definition of "germaneness" is that it must be closely allied to the bill which is under consideration. The Chair, therefore, rules that the amendment is not germane and sustains the point of order.

Mr. WOLCOTT. Mr. Chairman, I offer another amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 2, line 20, at the end of section 4, add a new section as follows:

"SEC. —. (a) The management of the Export-Import Bank of Washington shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. The terms of the directors appointed by the President of the United States shall be 2 years. The terms of the first of the directors so appointed shall run from the date of appointment until January 22, 1947. Whenever a vacancy shall occur among the directors so appointed the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The President shall designate one of the board of directors of the corporation appointed as hereinbefore provided as chairman, and he shall receive a salary at the rate of \$12,000 per annum. Each of the other directors of the corporation so appointed shall receive salaries at the rate of \$10,000 per annum each. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(b) Except as they may be in conflict with the provisions of subsection (A) of this section, the provisions of all acts and Executive orders in respect to the Export-Import Bank of Washington shall remain in full force and effect until and unless the Congress shall otherwise by law provide.

"(c) No functions, powers, or duties of the Export-Import Bank of Washington except as provided in Executive Order 9361, dated July 15, 1943, and Executive Order 9380, dated September 15, 1943, shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

"(d) All acts and Executive orders or parts of the same which are in conflict with the provisions of this section are hereby repealed and rescinded."

Mr. SPENCE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. SPENCE. Mr. Chairman, I make the point of order that the amendment is not germane to this section or to the bill. The bill attempts merely to lift the Reconstruction Finance Corporation out of the Commerce Department unchanged. This is an attempt to change the organic law under which it was created. It goes further than the

bill contemplates. It has no relation to the purposes of the bill, and, in my opinion, is not germane.

Mr. WOLCOTT. Mr. Chairman, briefly, this is the second amendment which was submitted to the House leadership and the House Parliamentarian. An opinion was given before the matter was submitted to the Committee on Rules that this amendment would not be in order. It was for this reason also that we asked the Committee on Rules to make it in order, so there might be no question but that the House would have an opportunity to exercise its constitutional prerogative to give consideration to all legislation which was necessary to do the job sought to be done under the bill. We have always taken the attitude that this amendment is germane to the general purposes of the bill S. 375. If the Chairman holds in his wisdom that this is not in order, then, of course, it merely adds to the advisability for recommitting the bill to the Committee on Banking and Currency for further consideration of this and other amendments.

The CHAIRMAN. The Chair is ready to rule.

For the reasons given by the Chair in sustaining the point of order against the Graham amendment, the Chair sustains the point of order against this amendment.

Mr. THOM. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to read from the Republican platform:

The times cry out for the pruning and abolishing of unnecessary agencies and personnel, and for efficiency and economy.

The amendment just proposed, for the reorganization of the Export-Import Bank, provides for a corporation with five directors, the chairman of which would receive \$12,000 a year, and four other directors \$10,000 a year. Then you will note a provision in the amendment that there shall be two Republican members at \$10,000 a year. Is that carrying out the platform of the Republican Party for economy and efficiency?

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. THOM. No; I am going to conclude my statement first.

Mr. WOLCOTT. Mr. Chairman, so many misstatements have been made in respect to what the amendment provided that I make the point of order that the gentleman is not speaking in order.

The CHAIRMAN. The gentleman will speak in order.

Mr. THOM. Under the present organization of the Export-Import Bank the 11 trustees of the Export-Import Bank now receive no salary as such trustees.

Mr. WOLCOTT. Mr. Chairman, I insist upon my point of order that the gentleman is not speaking in order, inasmuch as the Export-Import Bank amendment has been ruled out of order in respect to this legislation.

The CHAIRMAN. The Chair calls the attention of the gentleman from Ohio to the fact that under the rules of the House he must speak in order.

Mr. THOM. I am addressing myself to striking out the last word of the amendment.

Therefore, the amendment of the gentleman from Michigan proposes to increase public expenses rather than reduce public expenses, and is in violation of the Republican platform, and shows the insincerity of Republican demands for economy.

Mr. SPENCE. Mr. Chairman, I understand that no amendments are pending to section 4.

The CHAIRMAN. That is correct.

Mr. SPENCE. Mr. Chairman, I move that all debate on section 4 and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 5. (a) The financial transactions of all Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the current fiscal year.

(b) A report of each such audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of the fiscal year for which such audit is made. The report shall set forth the scope of the audit of each corporation and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus, or deficit; a statement of surplus or deficit analysis; a statement of income and expense; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically every program, expenditure, or other financial transaction or undertaking, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President and to the corporation concerned at the time submitted to the Congress.

(c) The expenses of auditing the financial transactions of all Government corporations as provided in section 5 (a) of this act may be paid out of appropriations to the General Accounting Office and appropriations in such sums as may be necessary are hereby authorized for the purpose: *Provided*, That by agreement between the General Accounting Office and said corporation the expenses of said audit may be paid from funds of such corporation.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 2, line 22, after the word "Government", insert the words "owned or controlled."

Mr. SPENCE. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state the point of order.

Mr. SPENCE. Mr. Chairman, I make a point of order that the amendment is not germane to this section or to the bill. No one has more confidence, respect, or admiration for the able man who presides over the General Accounting Office, the Comptroller General of the United States, Mr. Lindsay Warren, than I. For years he served in this body. He had a fine conception of the great problems of government. He was a leader in this body. He had the respect of all the Members of this body. We all rejoiced when he was appointed Comptroller General because we knew he would discharge the important duties incumbent upon him with great ability. But this amendment, while it attempts to enlarge his powers and duties, is an amendment of the act creating the General Accounting Office. It is not germane to this bill. Its effect cannot be foretold at the present time. What is a Government-controlled corporation? The Comptroller General audits Government-owned corporations in a most thorough manner. It seems to me "Government-controlled corporation" is hard to define. The Government has bought stock in railroads, banks, and insurance companies. We have aided industrial enterprises and commercial enterprises. In many instances they have acquired the stock of those corporations. They may have written contracts which give them control over those corporations. What would be the result of this amendment? I do not think anybody knows. I feel confident the Comptroller General would not know.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. Yes; I yield.

Mr. CASE of South Dakota. The gentleman just stated that he does not think the Comptroller General would know what Government-controlled corporations would mean. I am interested in knowing what the gentleman thinks "all Government corporations" means. I am wondering if the gentleman would say that the interpretation of what "all Government corporations" means in this connection would be within the discretion of the Comptroller General?

Mr. SPENCE. We discussed that yesterday, and I think I informed the gentleman that I thought the "Government-owned corporations" were corporations which were entirely owned by the Government. I think that is quite easy to understand. But "controlled" is another thing, having very wide implications, which I do not think anybody can with assurance define. Mr. Chairman, I would like to address my remarks to the germaneness of the amendment. This is an amendment to the organic act creating the Comptroller General's office, the General Accounting Office, and is far beyond the scope and intent of the bill. It is not germane to the bill now being considered.

Mr. WOLCOTT. The section provides that the financial transactions of all Government corporations shall be au-

dited by the General Accounting Office. There is a great deal of dispute as to what is meant by the term "Government corporations." I cannot conceive of there being a Government corporation which is not controlled by the Government. I would not like to think there were any Government corporations which are not controlled by the Government. I can think of many, however, which may not be considered wholly owned by the Federal Government.

The word "owned" is susceptible to interpretation, and in order to clearly indicate what is intended by the Congress in respect to the corporations which may be audited, it seems to me it is absolutely essential, to add to this the fact we intend that a Government corporation is one in which the Government controls the voting stock. There have been several corporations set up which were not audited by the General Accounting Office. There was a time, I understand, when the Federal Deposit Insurance Corporation was not audited by the General Accounting Office. It is doubtful whether it can be said that the Federal Government owns all of the Federal Deposit Insurance Corporation. Likewise, that same thing is true of the Federal Reserve. It may be true of several other corporations.

We have acted in respect to those corporations and brought them under the audit of the General Accounting Office. The survey made by the so-called Byrd committee, in response to which I understand the bill S. 469 was introduced in the Senate, and a similar bill introduced in the House by the gentleman from South Dakota [Mr. CASE] lists purely Government-owned operations, and then it also lists several mixed corporations, calling them "mixed ownership Government corporations." They include the Central Bank for Cooperatives, the regional banks for cooperatives, the Federal land banks, and the Federal Home Loan Bank.

Surely, if this language in the bill is to be interpreted to include Government corporations which are controlled by the Government, then the amendment which I have offered does not broaden the scope of the bill sufficiently to bring it outside the category of a germane amendment.

Mr. CASE of South Dakota. Mr. Chairman, may I submit a brief observation on the point of order?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. CASE of South Dakota. In connection with the bill to which the gentleman from Michigan [Mr. Wolcott] has referred, I invite the attention of the Chair to the fact that title II of the bill which has been introduced in both the House and the Senate, and which was based upon studies made by the General Accounting Office, is entitled "Mixed Ownership Government Corporations." It recognizes and specifically defines the term "mixed ownership corporations" as meaning the Central Bank for Cooperatives, the regional banks, for cooperatives, the Federal land bank, and the Federal home loan bank. They are not Government owned and not fully Government controlled.

The test of germaneness—at least, the test that seems to be pertinent in the pending amendment—is whether or not the amendment expands the scope of the section to which it is offered. It is offered to modify the phrase "all Government corporations." It seems to me the amendment is limiting in that it restricts the phrase to Government-owned corporations and Government-controlled corporations, and excludes in effect mixed-ownership Government corporations as presently defined or understood to be defined by the General Accounting Office.

Since it restricts the application of all Government corporations to two types of corporations—those that are owned and those that are controlled—and excludes those which are only partially owned or those which may have been created by the Government and in which at one time the Government had stock but may not now have, the amendment is limiting and restricting, and consequently would seem to be germane.

The CHAIRMAN (Mr. Bulwinkle). The Chair is ready to rule. The amendment offered by the gentleman from Michigan, in the opinion of the Chair clearly broadens the scope of the bill. The gentleman from South Dakota stated that the effect of the amendment was the limitation, but in the opinion of the Chair it would in all probability, or it might, bring in the mixed corporations of which the gentleman spoke. It, therefore, broadens the scope of the bill.

The Chair sustains the point of order. Mr. HAND rose.

Mr. SPENCE. Mr. Chairman, I move that all debate on the bill and all amendments thereto do now close.

The CHAIRMAN. Before the Chair states the motion, permit the Chair to say that the Chair had promised to recognize the gentleman from New Jersey.

Mr. SPENCE. Mr. Chairman, I withhold the motion, to permit the Chair to recognize the gentleman from New Jersey.

Mr. HAND. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HAND. Mr. Chairman, it may be presumptuous for a new Member to make this observation, but it seems to me that the present debate is almost wholly irrelevant. The speeches being made have to do very largely with the personal qualifications of Mr. Wallace. His qualifications to be Secretary of Commerce are surely of great importance to the country, but this is a matter which, under the Constitution, must be passed upon by the Senate. It may be, as it has been said, that the Senate in passing the George bill was seeking to evade a part of its responsibility. I do not think we should permit it.

The legislative question before the House of Representatives is confined to a very narrow issue. Is the bill under consideration a good bill? Should the lending powers heretofore transferred to

the Secretary of Commerce by Executive order be returned to the Federal Loan Administrator as a wholly separate executive function?

This is the only question which properly confronts us.

I believe the George bill to be meritorious legislation. I think the great majority of the membership of this House likewise believes that. I predict that when this question comes to a vote, it will be overwhelmingly passed. In the meantime these discussions concerning Mr. Wallace, it seems to me, should be had on the floor of the Senate and not here.

I propose to vote for the George bill as it was passed in the upper House.

Believing as I do that it should be passed without amendments which might tend to cripple it, I am quite reluctant to vote for a motion to recommit it to committee. If I do so vote, it will not be for the purpose of burying the bill, because I think it should pass promptly, but will be because I feel, on legislation of such great importance, the opportunity for public hearings on the bill should have been afforded by the House Committee on Banking and Currency.

These brief observations I make with all respect to the House and that committee, but I reiterate that I think the debate is largely beyond our jurisdiction and concern, and that the bill should be promptly passed.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. In view of the decision of the Chair, and in view of the fact the bill does not carry a definition of all Government corporations, I wish to ask if in the opinion of the Chair, the phrase "all Government corporations" and the sentence, "The financial transactions of all Government corporations shall be audited by the General Accounting Office," and so forth, places upon the General Accounting Office the matter of interpreting what are "all Government corporations"?

The CHAIRMAN. The Chair states to the gentleman from South Dakota that is not a parliamentary inquiry.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. SPENCE. Mr. Chairman, I merely withheld my motion for the purpose of allowing Members to extend their remarks.

Mr. CASE of South Dakota. Mr. Chairman, I do not expect to take any time but merely ask permission to extend my remarks at this point in the RECORD.

Mr. SPENCE. I have no objection to that.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

"ALL GOVERNMENT CORPORATIONS"

Mr. CASE of South Dakota. Mr. Chairman, the distinguished chairman of the committee in charge of this bill, the gentleman from Kentucky [Mr. SPENCE] has said in response to my questions both yesterday and today that the

phrase "All Government corporations" includes all Government-owned corporations. The section which deals with this subject and which we are now discussing is section 5, which requires that all Government corporations be audited by the General Accounting Office.

Since the General Accounting Office under the Comptroller General will administer this section, I believe it will be of interest to the House to know that the Comptroller General in a letter to me today states that the corporations which that office would be called upon to audit if the bill is enacted are those corporations described as the wholly owned corporations in the so-called Byrd-Butler bill, and the like bills which the gentleman from Mississippi [Mr. WHITTINGTON] and I have introduced in the House. When the Committee of the Whole rises and returns to the House, I shall ask permission to insert the complete letter of the Comptroller General at this point.

The letter referred to follows:

COMPTROLLER GENERAL OF
THE UNITED STATES,
Washington, February 16, 1945.

Hon. FRANCIS CASE,

House of Representatives.

MY DEAR MR. CASE: The following information is furnished in response to the inquiries in your letter of February 15, 1945, with reference to section 5 of S. 375, now pending in the House.

In the interest of certainty in the provisions of section 5, and of effective administration of the section if enacted into law, I feel it would be most helpful if the section could be perfected in three particulars, all of which I am certain are noncontroversial.

In the first place, the so-called Byrd-Butler bill, S. 469, and the bills H. R. 2051 and H. R. 2177, introduced by yourself and by Representative WHITTINGTON, respectively, providing for financial control of Government corporations, all cover two types of Government corporations, wholly owned and mixed ownership, both types of which are equally Government corporations. Section 5 of S. 375 does not define the term "all Government corporations" as used therein, it being understood that such a definition was inadvertently omitted. A listing of all of the corporations covered by the bills referred to above, which are the corporations this office would feel called upon to audit if section 5 should be enacted, would eliminate any doubt, in the matter. These corporations are as follows:

Commodity Credit Corporation.
Central Bank for Cooperatives and regional banks for cooperatives.
Federal intermediate credit banks.
Federal land banks.
Production credit corporations.
Regional agricultural credit corporations.
Farmers' Home Corporation.
Federal Corp Insurance Corporation.
Federal Farm Mortgage Corporation.
Federal Surplus Commodities Corporation.
Reconstruction Finance Corporation, Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company, Rubber Reserve Company, War Damage Corporation, Federal National Mortgage Association, The RFC Mortgage Company.
Disaster Loan Corporation.
Inland Waterways Corporation, Warrior River Terminal Company.
The Virgin Islands Company.
Federal Prison Industries, Inc.
United States Spruce Production Corporation.
Institute of Inter-American Affairs.
Institute of Inter-American Transportation.

Inter-American Educational Foundation, Inc.

Inter-American Navigation Corporation.
Prencinradio, Inc.
Cargoes, Inc.
Export-Import Bank of Washington.
Petroleum Reserves Corporation.
Rubber Development Corporation.
United States Commercial Company.
Smaller War Plants Corporation.
Federal Public Housing Authority (or U. S. Housing Authority), Defense Homes Corporation.
Federal home loan banks.
Federal Savings and Loan Insurance Corporation.
Home Owners' Loan Corporation.
United States Housing Corporation.
Federal Deposit Insurance Corporation.
Panama Railroad Company.
Tennessee Valley Authority, Tennessee Valley Associated Cooperatives, Inc.

You will note this list covers both the wholly owned and mixed ownership type of Government corporation. To go any further and attempt to define "Government controlled corporations" would be fraught with great difficulty.

In the second place, the enactment of section 5 will place a heavy burden on the General Accounting Office but one which the Office should and will gladly undertake. However, in view of the fact that the fiscal year 1945 is more than half completed, it might prove impracticable to commence the audit with such fiscal year as proposed in the bill. Therefore, an amendment which would permit the audit to begin with the period commencing July 1, 1945, in any case where in my discretion I should determine it impracticable to begin with the current fiscal year, would permit the audit to commence at the earliest practicable date and not later than July 1, 1945, but would allow a little leeway to enable the Office to get staffed and organized for the purpose.

Also, in view of the present state of the labor market and the difficulty of organizing for performing this task, I would feel that a better job could be done if section 5 of the bill was amended to authorize the employment of personnel for the audit, without regard to the usual restrictions on the employment of Federal personnel, such as the Civil Service laws and regulations and the Classification Act of 1923, as amended.

There are other perfecting amendments to section 5 which I could suggest, but in view of the present legislative situation I am limiting my suggestions to those enumerated above, all of which I am sure are in no way controversial and would greatly improve the administration of the section if enacted.

I trust the foregoing will serve the purpose of your inquiries.

As Representative WHITTINGTON has this morning called me about the same subject matter covered in your letter, I am taking the liberty of sending him a copy of this letter.

Sincerely yours,

LINDSAY C. WARREN,

Comptroller General of the United States.

Mr. FLANNAGAN. Mr. Chairman, will the gentleman from Kentucky yield to me to submit a unanimous-consent request?

Mr. SPENCE. I yield.

Mr. FLANNAGAN. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. FLANNAGAN. Mr. Chairman, the average American has a lot at stake in this fight.

Were it just a fight between two personalities—between Henry Wallace on the one hand and Jesse Jones on the other—very few, if any, of us would care to become involved. Men do not go out of their way simply to become involved in personal brawls.

No; this is not a fight between two great personalities. It is a fight between two viewpoints, between two philosophies of government. Camouflage it with all the trickery, with all the deceit, with all the rottenness money can buy; turn your press and radio commentators loose with instructions to picture the one as a wild-eyed radical, the leader of a wild-eyed crowd, bent upon tearing down our American system of government, and the other as a respectable, level-headed, patriotic American businessman, determined, at all costs, to protect our American system of government, and, be not deceived, you have not fooled a single soul. Everyone is onto the latest technique in character assassination—call the would-be victim a Red or a radical or a wild-eyed destroyer of constitutional government, and keep on repeating the charges until you convince the public it is true. But I tell you, you are not fooling anyone. Oh, you may put on a pretty good show of the off-colored variety and get a few people worked up to a fanatical frenzy, but take heed to my words: After the last editorial has been written, after the last hiring has given vocal expression over the radio to the thoughts of his master, the average American will still know what he knows today, and what has been apparent since the inception of this fight—Wall Street and Main Street have again entered the arena. Wall Street because it wants to regain its control over Government, Main Street because it is still struggling for recognition in the affairs of Government and is anxious to hold onto the gains made under the Roosevelt administration. And remember there are a lot of us who live on Main Street and on the alleys and highways leading from the countryside into Main Street.

The war brought Main Street and Wall Street pretty close together. A common danger sobered our thinking and broadened our vision and changed our Main Street-Wall Street points of view into the American point of view. I had hoped that the common dangers, the common sacrifices, entailed upon all of us by this horrible war, had so broadened our vision and quickened our common love of country as to forever submerge our divergent viewpoints into the one and only viewpoint—the American viewpoint. And the American viewpoint, my colleagues, is not focused on Main Street, it is not focused on Wall Street, it is focused on America and should be concerned not in promoting the interest of Wall Street over Main Street or the interest of Main Street over Wall Street, but in promoting the general welfare of all, regardless of class.

It is indeed unfortunate that this old conflict in views should again arise. While we are still at war we need unity, and this fight, instead of promoting unity, is bringing about disunity. We have very little to fight for if after the

war our Government is turned over to men with either a Wall Street complex or a Main Street complex. The need is for those in charge of our Government to be imbued with the American complex.

Our Government for some years prior to Mr. Roosevelt's election had been in charge of men with the Wall Street viewpoint. We all know where this viewpoint led—to financial and economic chaos. Upon assuming office, Mr. Roosevelt, who, in my opinion, is richly endowed with the American viewpoint, did his best to place in responsible position men imbued with, not the Wall Street viewpoint or the Main Street viewpoint, but the American viewpoint. Henry A. Wallace was one of the men selected by Mr. Roosevelt for high position. He was placed in charge of Agriculture, and agriculture, as you know, had been destroyed by the Wall Street viewpoint. That Mr. Wallace has demonstrated time and time again that he has the American viewpoint, that he has labored to promote the general welfare of all, will be conceded, I believe, by all who are not blinded by some preconceived viewpoint. That he has been inept as a politician is probably true. And it is likewise true that much of the criticism that has been leveled at Mr. Wallace has been brought about by twisting and distorting certain of his pronouncements in such a manner as to convey ideas as foreign to Mr. Wallace as they are to you or to me. But as to his capability, his honesty, his courage, his vision, his Americanism, there can be no cavil.

Oh, I know that many of those who led Mr. Roosevelt's fights to administer this Government in the interest of all—from the American viewpoint—have been branded as radicals bent upon destroying our American way. Why, I remember, and so do the older Members, when our beloved Speaker was chairman of the Interstate and Foreign Commerce Committee and led the fight for the securities and exchange bill and the bill regulating the power companies—bills that were necessary in order to correct abuses that had grown up under our Government when administered by those who entertained the Wall Street point of view—that he was branded as a radical. Yea, more, all of us who supported the Speaker in those great fights were likewise branded as radicals, bent upon the destruction of our system of government. Well, who is there today so bold as to question the wisdom of either piece of legislation?

And I remember, too, when Henry Wallace was advocating a broad American farm program—a program that recognized no sections—a program that considered the needs of the wheat farmer in Kansas, the corn farmer in Iowa, the tobacco farmer in Virginia, and so forth—that he was likewise branded as a radical. Well, under the leadership of Wallace we put the program over—and remember it was the first national farm program ever enacted in this country—and brought relief to the stricken farmers in every section of our country. Well, who is there today so bold as to question the wisdom of the Wallace farm program? Do my Republican colleagues?

I pause to give them an opportunity. No; of course they do not question the wisdom of the farm program though put through by the man that they still, for political reasons, brand as a radical. Why? Let me tell you why they do not question the program: Simply because it is a sane, sound farm program, worked out from the American and not the Wall Street or Main Street point of view, designed to bring relief to all engaged in agriculture. We have had three national elections since the program was adopted, and in each of these elections the Republicans not only adopted but applauded the program.

Mr. Wallace, I believe, will make a great Secretary of Commerce. And he will make a great Secretary because he has the ability, the honesty, the courage, the vision to administer the affairs of the high office from the American point of view and with an eye single to the general welfare of all. Under Wallace's administration neither Main Street nor Wall Street will be overlooked and, in my opinion, each segment of our population will be given a square deal.

While I think we acted unwisely in bringing the R. F. C. under Commerce and that the two should be divorced, I hope that whoever is appointed to head R. F. C. will be a man with the American point of view who will administer the great loaning agency, not in the interest of Wall Street, not in the interest of Main Street, but in the interest of all. And while I am on R. F. C. let me make a few further observations. While I do not desire to get into the Jones-Wallace controversy, I do think that Congress should know a little more about the Reconstruction Finance Corporation especially the status of the loans held by the Corporation and the service it has rendered small business before it indulges in further panegyrics as to how the Corporation has been handled.

While I believe Mr. Jones, from his point of view, has been an able administrator, my belief is based upon newspaper and publicity reports and not upon personal knowledge. It seems to me that Congress, when it comes to the Reconstruction Finance Corporation, has indulged in faith to the nth degree. I am not decrying faith. It is a great thing to have faith in your fellow man. Nor am I intimating that the faith the Congress has in Mr. Jones has been misplaced. The thought I desire to convey is this: It would be well for the Congress to make an independent investigation into the affairs of the Reconstruction Finance Corporation at stated intervals. This having been done, the report of each investigation should be made public. The R. F. C. is a creature of Congress, and certainly the duty rests upon Congress to see that the affairs of the Corporation are being conducted in the right way and in accordance with the intent of the Congress in bringing it into existence. When Congress created the Federal banks, it did not rely upon the faith it has in the officers and directors of the banks as to their proper conduct. It went further, although the Government has no money invested in the banks, and provided that there should be

a disinterested investigation of the banks at stated intervals. Now all funds handled by the R. F. C. are Government funds—some thirty-five or forty billions of dollars—and it does seem to me that these funds should be guarded in a more substantial way than by faith alone. The least we can do, in my opinion, is to direct that the affairs of the R. F. C. be independently investigated at stated intervals.

While I hope and believe the affairs of the R. F. C. are in good shape, as for me, I am going to withhold further praise until I know.

I do know that the Congress did not know about the Dawes loan until it was too late.

I am not trying to shake your faith. I am only trying to provide substance upon which to base that faith.

Mr. VORYS of Ohio. Mr. Chairman, I rise for the purpose of striking out the last word and then ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. VORYS of Ohio addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Chairman, if the gentleman from Kentucky will yield, I suggest that he request that all Members have the right to extend their remarks at this point in the RECORD.

The CHAIRMAN. That request will have to be made in the House.

Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, pursuant to House Resolution 137, reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. WILSON. Mr. Speaker, I move to recommit the bill, S. 375, to the Committee on Banking and Currency in order that further consideration may be given to the advisability of amending the same.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WILSON. Mr. Speaker, I am.

Mr. SPENCE. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. MARTIN of Massachusetts. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll; and there were—yeas 196, nays 204, answered "present" 2, not voting 29, as follows:

[Roll No. 22]

YEAS—196

Abernethy	Gillespie	Morrow
Adams	Gillette	Michener
Allen, Ill.	Gillie	Miller, Nebr.
Andersen,	Goodwin	Mott
-H. Carl	Gossett	Mundt
Anderson, Calif.	Graham	Murray, Tenn.
Andresen,	Grant, Ind.	Murray, Wis.
August H.	Griffiths	O'Konski
Andrews, Ala.	Gross	Philbin
Andrews, N. Y.	Gwynn, N. Y.	Phillips
Angell	Gwynne, Iowa	Plttenger
Arends	Hagen	Ploeser
Arnold	Hale,	Plumley
Auchincloss	Hall,	Powers
Baldwin, N. Y.	Edwin Arthur	Ramey
Barrett, Wyo.	Hall,	Rankin
Bates, Mass.	Leonard W.	Reece, Tenn.
Beall	Halleck	Reed, Ill.
Bell	Hancock	Reed, N. Y.
Bender	Hand	Rees, Kans.
Bennett, Mo.	Hartley	Rich
Bishop	Henry	Rivers
Boykin	Herter	Rizley
Brehm	Heseltan	Robertson,
Brown, Ohio	Hess	N. Dak.
Brumbaugh	Hill	Robison, Ky.
Buck	Hlnshaw	Rockwell
Buffett	Hoeven	Rodgers, Pa.
Butler	Hoffman	Rogers, Mass.
Eyres, Wis.	Holmes, Mass.	Schwabe, Mo.
Campbell	Holmes, Wash.	Scrivner
Canfield	Hope	Sharp
Carlson	Horan	Short
Case, N. J.	Howell	Simpson, Ill.
Case, S. Dak.	Jenkins	Simpson Pa.
Chenoweth	Jennings	Slaughter
Chlperfield	Jensen	Smith, Maine
Church	Johnson, Calif.	Smith, Ohio
Clason	Johnson, Ill.	Smith, Va.
Clevenger	Johnson, Ind.	Smith, Wis.
Cole, Kans.	Jones	Springer
Cole, Mo.	Jonkman	Stefan
Cole, N. Y.	Judd	Stevenson
Corbett	Kean	Stewart
Cox	Kearney	Stockman
Cravens	Keefe	Sumner, Ill.
Crawford	Kilburn	Sundstrom
Cunningham	Klizer	Taber
Curtis	Knutson	Talbot
Dirksen	Kunkel	Talle
Dolliver	Lanham	Taylor
Dondero	Latham	Thomas, N. J.
Dworshak	LeCompte	Tibbott
Ellis	LeFevre	Towe
Ellsworth	Lemke	Vorys, Ohio
Elsaesser	Lewls	Vursell
Elston	Luce	Wadsworth
Engel, Mich.	McConnell	Welchel
Fellows	McCowan	West
Fenton	McDonough	Whitten
Fuller	McGehee	Wigglesworth
Gamble	McGregor	Wilson
Gathings	McKenzie	Winstead
Gavin	McMillen, Ill.	Wolcott
Gerlach	Martin, Iowa	Wolfenden, Pa.
Gibson	Martin, Mass.	Wolverton, N. J.
Gifford	Mason	Woodruff, Mich.

NAYS—204

Allen, La.	Carnahan	Douglas, Ill.
Anderson,	Celler	Doyle
N. Mex.	Chapman	Drewry
Bailey	Chelf	Durham
Baldwin, Md.	Clark	Earthman
Barden	Clements	Eberhart
Barrett, Pa.	Cochran	Engle, Calif.
Barry	Coffee	Ervin
Bates, Ky.	Combs	Fallon
Beckworth	Cooley	Felghan
Biemiller	Cooper	Fernandez
Bland	Courtney	Fisher
Bloom	Crosser	Flannagan
Bonner	Curley	Flood
Bradley, Pa.	D'Alesandro	Fogarty
Brooks	Daughton, Va.	Folger
Brown, Ga.	Dawson	Forand
Bryson	De Lacy	Fulton
Buckley	Delaney,	Gallagher
Bulwinkle	James J.	Gardner
Bunker	Delaney,	Geelan
Burch	John J.	Gordon
Burgin	Dickstein	Gorski
Byrne, N. Y.	Dingell	Granahan
Camp	Doughton, N. C.	Granger
Cannon, Fla.	Douglas, Calif.	Grant, Ala.
Cannon, Mo.		Green

Gregory	Manasco	Riley
Harless, Ariz.	Mansfield,	Robinson, Utah
Harris	Mont.	Roe, Md.
Hart	Mansfield, Tex.	Rogers, N. Y.
Havener	Marcantonio	Rooney
Hays	May	Rowan
Healy	Miller, Calif.	Ryter
Hébert	Mills	Sabath
Hedrick	Monroney	Sadowski
Heffernan	Morgan	Sasscer
Hendricks	Morrison	Savage
Hobbs	Murdock	Sheppard
Hoch	Murphy	Sikes
Hollfield	Neely	Snyder
Hook	Norrell	Somers, N. Y.
Huber	Norton	Sparkman
Hull	O'Brien, Ill.	Spence
Izac	O'Brien, Mich.	Starkey
Jackson	O'Neal	Stigler
Jarman	O'Toole	Sullivan
Johnson,	Outland	Summers, Tex.
Lyndon B.	Pace	Tarver
Johnson, Okla.	Patman	Thom
Kee	Patrick	Thomason
Kefauver	Patterson	Tolan
Kelley, Pa.	Peterson, Fla.	Torrens
Kelly, Ill.	Peterson, Ga.	Traynor
Keogh	Pfeifer	Trimble
Kilday	Pickett	Vinson
King	Poage	Voorhis, Calif.
Kirwan	Powell	Walter
Kopplemann	Price, Fla.	Weaver
Lane	Price, Ill.	Weiss
Lea	Priest	Welch
Lesinski	Quinn, N. Y.	White
Ludlow	Rabaut	Whittington
Lyle	Rabin	Wickersham
Lynch	Rains	Wood
McCormack	Ramspeck	Woodhouse
McGlinchey	Randolph	Woodrum, Va.
Madden	Rayfield	Worley
Mahon	Resa	Zimmerman
Maloney	Richards	

ANSWERED "PRESENT"—2

Boren Domengeaux

NOT VOTING—29

Bennet, N. Y.	Heldinger	Robertson, Va.
Blackney	Johnson,	Roe, N. Y.
Bolton	Luther A.	Rogers, Fla.
Bradley, Mich.	Kerr	Russell
Colmer	LaFollette	Schwabe, Okla.
Eaton	Landis	Shafer
Elliott	Larcade	Sheridan
Gearhart	Link	Thomas, Tex.
Hare	McMillan, S. C.	Wasielowski
Harness, Ind.	O'Hara	Winter

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Shafer for, with Mr. Wasielowski against.

Mr. Bradley of Michigan for, with Mr. Rogers of Florida against.

Mr. Schwabe of Oklahoma for, with Mr. Link against.

Mr. Domengeaux for, with Mr. Thomas of Texas against.

Mr. Robertson of Virginia for, with Mr. Luther A. Johnson against.

Mr. Boren for, with Mr. Sheridan against.

General pairs:

Mr. Colmer with Mr. Harness of Indiana.

Mr. Elliott with Mr. Blackney.

Mr. McMillan of South Carolina with Mr. Eaton.

Mr. Larcade with Mr. Bennet of New York.

Mr. Hare with Mr. Winter.

Mr. Russell with Mrs. Bolton.

Mr. Roe of New York with Mr. O'Hara.

Mr. Kerr with Mr. Landis.

Mr. ADAMS changed his vote from no to aye.

Mr. DOMENGEAUX. Mr. Speaker, I have a live pair with the gentleman from Texas, Mr. THOMAS, who if present would have voted "no." I withdraw my vote of "aye" and vote "present."

Mr. BOREN. Mr. Speaker, I have an active pair with the gentleman from Pennsylvania, Mr. SHERIDAN, who if pres-

ent would have voted "no." I withdraw my vote of "aye" and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll and there were—yeas 399, nays 2, not voting 30, as follows:

[Roll No. 23]

YEAS—399

Abernethy	Cravens	Hancock
Adams	Crawford	Hand
Allen, Ill.	Crosser	Harless, Ariz.
Allen, La.	Cunningham	Harris
Andersen,	Curley	Hart
H. Carl	Curtis	Hartley
Anderson, Calif.	D'Alesandro	Havener
Anderson,	Daughton, Va.	Hays
N. Mex.	Davis	Healy
Andresen,	Dawson	Hébert
August H.	De Lacy	Hedrick
Andrews, Ala.	Delaney,	Heffernan
Andrews, N. Y.	James J.	Hendricks
Angell	Delaney,	Henry
Arends	John J.	Herter
Arnold	Dickstein	Heseltan
Auchincloss	Dingell	Hess
Bailey	Dirksen	Hill
Baldwin, Md.	Dolliver	Hlnshaw
Baldwin, N. Y.	Domengeaux	Hobbs
Barden	Dondero	Hoch
Barrett, Pa.	Doughton, N. C.	Hoeven
Barrett, Wyo.	Douglas, Calif.	Hoffman
Barry	Douglas, Ill.	Hollfield
Bates, Ky.	Doyle	Holmes, Mass.
Bates, Mass.	Drewry	Holmes, Wash.
Beall	Durham	Hook
Beckworth	Dworshak	Hope
Bell	Earthman	Horan
Bender	Eberhart	Howell
Bennett, Mo.	Ellis	Huber
Biemiller	Ellsworth	Hull
Bishop	Elsaesser	Izac
Bland	Elston	Jackson
Bloom	Engel, Mich.	Jarman
Bonner	Engle, Calif.	Jenkins
Boren	Ervin	Jennings
Boykin	Fallon	Jensen
Bradley, Pa.	Feighan	Johnson, Calif.
Brehm	Fellows	Johnson, Ill.
Brown, Ga.	Fenton	Johnson, Ind.
Brown, Ohio	Fernandez	Johnson,
Brumbaugh	Fisher	Lyndon B.
Bryson	Flannagan	Johnson, Okla.
Buck	Flood	Jones
Buckley	Fogarty	Jonkman
Buffett	Folger	Judd
Bulwinkle	Forand	Kean
Bunker	Fuller	Kearney
Burch	Fulton	Kee
Burgin	Gallagher	Keefe
Butler	Gamble	Kefauver
Byrne, N. Y.	Gardner	Kelley, Pa.
Byrnes, Wis.	Gathings	Kelly, Ill.
Camp	Gavin	Keogh
Campbell	Geelan	Kilburn
Canfield	Gerlach	Kilday
Cannon, Fla.	Gibson	King
Cannon, Mo.	Gifford	Klizer
Carlson	Gillespie	Kirwan
Carnahan	Gillette	Kopplemann
Case, N. J.	Gille	Kunkel
Case, S. Dak.	Goodwin	Lane
Celler	Gordon	Lanham
Chapman	Gorski	Latham
Chelf	Gossett	LeCompte
Chenoweth	Graham	LeFevre
Chlperfield	Granahan	Lesinski
Church	Granger	Lewis
Clark	Grant, Ala.	Luce
Clason	Grant, Ind.	Ludlow
Clements	Green	Lyle
Clevenger	Gregory	Lynch
Cochran	Griffiths	McConnell
Coffee	Gross	McCorinack
Cole, Kans.	Gwynn, N. Y.	McCowan
Cole, Mo.	Gwynne, Iowa	McDonough
Cole, N. Y.	Hagen	McGehee
Combs	Hale	McGlinchey
Cooley	Hall.	McGregor
Cooper	Edwin Arthur	McKenzie
Corbett	Hall,	McMillen, Ill.
Courtney	Leonard W.	Madden
Cox	Halleck	Mahon

Maloney	Rabin	Spence
Manasco	Rains	Springer
Mansfield, Tex.	Ramey	Starkey
Marcantonio	Ramspeck	Stefan
Martin, Iowa	Randolph	Stevenson
Martin, Mass.	Rankin	Stewart
Mason	Rayfiel	Stigler
May	Reece, Tenn.	Stockman
Morrow	Reed, Ill.	Sullivan
Michener	Reed, N. Y.	Sumner, Ill.
Miller, Calif.	Rees, Kans.	Summers, Tex.
Miller, Nebr.	Resa	Sundstrom
Mills	Rich	Taber
Monroney	Richards	Talbot
Morgan	Riley	Talle
Morrison	Rivers	Tarver
Mott	Rizley	Taylor
Mundt	Robertson,	Thom
Murdock	N. Dak.	Thomas, N. J.
Murphy	Robertson, Va.	Thomason
Murray, Tenn.	Robinson, Utah	Tibbott
Murray, Wis.	Robson, Ky.	Tolan
Neely	Rockwell	Torrens
Norrell	Rodgers, Pa.	Towe
Norton	Roe, Md.	Traynor
O'Brien, Ill.	Rogers, Fla.	Trimble
O'Brien, Mich.	Rogers, Mass.	Vinson
O'Konski	Rogers, N. Y.	Voorhis, Calif.
O'Neal	Rooney	Vorys, Ohio
O'Toole	Rowan	Vursell
Outland	Russell	Wadsworth
Pace	Ryter	Walter
Patman	Sabath	Weaver
Patrick	Sadowski	Weichel
Patterson	Sasser	Weiss
Peterson, Fla.	Savage	Welch
Peterson, Ga.	Schwabe, Mo.	West
Pfeifer	Sclvner	White
Philbin	Sharp	Whitten
Phillips	Sheppard	Whittington
Pickett	Short	Wickersham
Pittenger	Sikes	Wigglesworth
Ploeser	Simpson, Ill.	Winstead
Plumley	Simpson, Pa.	Wolcott
Poage	Slaughter	Wolfenden, Pa.
Powell	Smith, Maine	Wolverton, N. J.
Powers	Smith, Ohio	Wood
Price, Fla.	Smith, Va.	Woodhouse
Price, Ill.	Smith, Wis.	Woodruff, Mich.
Priest	Snyder	Woodrum, Va.
Quinn, N. Y.	Somers, N. Y.	Worley
Rabaut	Sparkman	Zimmerman

NAYS—2

Lemke Wilson

NOT VOTING—30

Bennet, N. Y.	Heldinger	Mansfield,
Blackney	Johnson,	Mont.
Bolton	Luther A.	O'Hara
Bradley, Mich.	Kerr	Roe, N. Y.
Brooks	Knutson	Schwabe, Okla.
Colmer	LaFollette	Shafer
Eaton	Landis	Sheridan
Elliott	Larcade	Thomas, Tex.
Gearhart	Lea	Wasielewski
Hare	Link	Winter
Harness, Ind.	McMillan, S. C.	

So, the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Wasielewski with Mr. Shafer.
 Mr. Link with Mr. Schwabe of Oklahoma.
 Mr. Colmer with Mr. Harness of Indiana.
 Mr. Elliott with Mr. Blackney.
 Mr. McMillan of South Carolina with Mr. Eaton.
 Mr. Larcade with Mr. Bennet of New York.
 Mr. Hare with Mr. Winter.
 Mr. Lea with Mrs. Bolton.
 Mr. Roe of New York with Mr. O'Hara.
 Mr. Kerr with Mr. Landis.
 Mr. Luther A. Johnson with Mr. Bradley of Michigan.
 Mr. Mansfield of Montana with Mr. Knutson.
 Mr. Brooks with Mr. Gearhart.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which

to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an article by Raymond Moley.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WOODRUFF]?

There was no objection.

[The matter referred to appears in the Appendix.]

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

PROGRAM FOR NEXT WEEK

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, and I shall not, will the gentleman from Massachusetts tell us what the program is for next week?

Mr. McCORMACK. I shall be very glad to.

On Monday, the Unanimous Consent Calendar will be called, and there will be a suspension of the rules to permit consideration of House Resolution 37, dealing with the American Interparliamentary Congress, which the gentleman from Alabama [Mr. JARMAN] sought to have passed by unanimous consent earlier this week.

On Tuesday there will be a call of the Private Calendar. After the Private Calendar is disposed of there will be general debate for the balance of Tuesday on the Treasury-Post Office appropriation bill. General debate on the Treasury-Post Office bill may be continued on Wednesday, but in any event the balance of Tuesday will be taken up by general debate on the Treasury-Post Office bill.

Mr. MARTIN of Massachusetts. We are going to have a legislative session on Washington's Birthday, I understand?

Mr. McCORMACK. Yes.

On Wednesday there will be a continuation of consideration of the Treasury-Post Office bill, and if that bill is disposed of in time and a rule is reported out on the Commodity Credit Corporation bill, the Commodity Credit Corporation bill will be taken up. If a rule is not reported out on that bill, the river and harbor bill will be taken up.

On Washington's Birthday there will be the appropriate exercises for the day.

That is the program for next week.

ADJOURNMENT OVER

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that when the House adjourns today it adjourn to meet on Monday next. Is there objection?

There was no objection.

DESIGNATION OF MEMBER TO READ WASHINGTON'S FAREWELL ADDRESS

The SPEAKER. Pursuant to the special order agreed to on February 7, 1945, the Chair designates the gentleman from Missouri [Mr. BENNETT] to read Washington's Farewell Address immediately after the reading of the Journal on Thursday, February 22, 1945.

EXTENSION OF REMARKS

Mr. MARTIN of Massachusetts. Mr. Speaker I ask unanimous consent that my colleague the gentleman from Vermont [Mr. PLUMLEY] may extend his own remarks in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There as no objection.

[The matter referred to appears in the Appendix.]

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. KNUTSON] may extend his own remarks in the RECORD and include therein a copy of a resolution.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that in the remarks I made in the Committee of the Whole this afternoon I may insert a letter from the Comptroller General, Mr. Warren.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I have been working for some time on a rotation plan in the War Department for bringing our soldiers home.

I ask unanimous consent to revise and extend my remarks on this subject.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. JUDD. Mr. Speaker, I ask unanimous consent to extend my own remarks in two instances, in one to include an editorial and in the other a clipping.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[The matter referred to appears in the Appendix.]

(Mr. PHILBIN asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include the appeal made by Premier Bonomi to President Roosevelt, Prime Minister Churchill, and Marshal Stalin.

taken on the floor in speaking against Henry Wallace. I also have heard many of the gentlemen of this House who have spoken against him as an idealist, frankly state that there was nothing against his honesty, integrity, or character.

Admitting that I have not been here long enough to be familiar with the history and background of the Department of Commerce, or of the Federal Loan Agency, or of the First War Powers Act, 1941, or of the General Accounting Office, or of the Comptroller General, all of which Departments of Government or officials are referred to in S. 375, nevertheless, it appears to me that the major debate and discussion of these two afternoons have been about a person instead of about governmental policies, procedures and programs. As I read the Constitution and law, it is a fact appointments to a Cabinet position by the President of this great Nation are only confirmed by the United States Senate. Yet, it appears to me, that Members of this House who have no jurisdiction, authority, or responsibility in the premises for or against confirmation of the Cabinet members are in fact, indirectly at least, undertaking by their stated positions on this measure to determine whether or not Henry Wallace shall be confirmed as a Cabinet member. Some of the many who have spoken have strongly said they were opposed to the confirmation. This then appears to be a determining factor in the attitude and speech of some members, rather than the exclusive merits of the bill.

Every Member of this House who has spoken to me about it, on both sides, has told me that Members of Congress must clearly and always listen to the voice of their constituents on important matters in which their constituents express great interest. This being true, I will say of the many expressions I have received from the Eighteenth District in California on this bill, all but two have been favorable to Mr. Wallace. I have received literally dozens of communications from individuals, as well as groups asking support for Mr. Wallace—endorsing his policies, experience, and political philosophy. Furthermore, during the political campaign as a result of which I came to the halls of this great legislative body, a decided majority of expressions to me as a candidate to this office by my district were strongly for Henry Wallace.

I have no fear of the decision of the American people when they know all the facts. One of the greatest dangers to democracy in this Nation is the lack of information to the majority of people. Truth hurts no person or program for progress. Full debate and discussion based upon facts rather than personalities—decisions on major matters in light of merit of the measure, rather than ill will toward any individual or political animosity or rivalry—must determine our destiny if our democracy is to endure.

The strongly expressed wish, as made to me from my district in California, is for the George bill—they are not afraid of Henry Wallace, his idealism, philosophy, and sympathetic understanding and

friendship for the rank and file of the American people.

I shall vote for the rule and for the bill, and against the motion to recommit.

Administration of Certain Lending Agencies

SPEECH
OF

HON. CHRISTIAN A. HERTER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 15, 1945

The House in Committee of the Whole House on the state of the Union had under consideration the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government.

Mr. HERTER. Mr. Chairman, I should like to discuss this bill for just a moment divorced from the question of Mr. Wallace. I do this only because I spent 4½ years as personal assistant to the Secretary of Commerce some 20 years ago and have been tremendously interested in the functioning of that Department in relation to other departments of the Government.

The pending bill has come before us for political reasons and political reasons only; it was not considered on its merits as a piece of constructive legislation from the point of view of the organization of this Government. The Department of Commerce was organized in the first instance to be of assistance to American business in both the domestic and foreign fields. It was organized out of a number of independent units such as the Bureau of Standards and the Coast and Geodetic Survey, but perhaps its most important function was through what is known as the Bureau of Foreign and Domestic Commerce. In other words, it has always been insisted that the Secretary of Commerce should be the individual in the Cabinet whose responsibility was for both the foreign and domestic commerce of the United States.

When the Federal loan functions were transferred to Mr. Jesse Jones as Secretary of Commerce I believe the right move was made from the point of view of simplifying the terrible tangle of independent agencies we now have in this city at the present time. In the foreign field there is nothing more hideous than what is going on from the point of view of fighting of these various independent agencies. If we are now again because of the political situation that faces us with respect to one man going to take away from the place where they properly belong these lending agencies, it seems to me we are taking a step in the wrong direction. Further than that, insofar as the Export-Import Bank is concerned, I am sorry to say I differ with my distinguished colleague, the gentleman from Michigan. I believe very strongly that from the point of view of permanent organization that one man who

should without any question sit on the board of the Export-Import Bank is the Secretary of Commerce.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. HERTER. Gladly.

Mr. WOLCOTT. I may say that under the amendment I propose to offer the President is now precluded from nominating the Secretary of Commerce as one member of the board of directors, but he must be confirmed by the Senate.

Mr. HERTER. I thank the gentleman. I did not understand the amendment that way. I fully approve the amendment.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Michigan.

Mr. MICHENER. Under the law as it now stands the board of directors is appointed by Mr. Leo Crowley entirely.

Mr. HERTER. That, to my mind, is a completely bad piece of governmental organization. I think the whole set-up of the F. E. A. is a bad piece of governmental organization. The functions of the F. E. A. ought to be under the Secretary of Commerce or under the Secretary of State. We have a situation today in Washington whereby there are so many independent agencies, all of them reporting directly to the President of the United States, that it is impossible for any one living man to try to get any information about what they do. The Cabinet was set up for the purpose of trying to unify policies under the President of the United States; yet we have today literally scores of independent agencies, every one of which reports to no one but the President of the United States, and they are responsible for more confusion than any other single factor in our governmental set-up. Much has been said about the size of these Federal lending agencies and putting them under the Secretary of Commerce. To my mind, that is an entirely extraneous argument again. The Secretary of War, the Secretary of the Navy, the Chairman of the Maritime Commission or the Maritime Commission itself, have during this war period spent and disposed of infinitely more money than is represented by all of these lending agencies put together. There is no reason in the world why one man should not be qualified to carry out those responsibilities and add to better structure of government rather a worse set-up.

The CHAIRMAN. The time of the gentleman has expired.

Taylor Grazing Act

EXTENSION OF REMARKS
OF

HON. BERKELEY L. BUNKER

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 16, 1945

Mr. BUNKER. Mr. Speaker, the unwarranted attempt of the Grazing Serv-

Appendix

Crop Loans

EXTENSION OF REMARKS

OF

HON. JOHN W. FLANNAGAN, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 16, 1945

Mr. FLANNAGAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement of S. P. Lindsey, Jr., Director, Emergency Crop and Feed Loan Division, Farm Credit Administration, before House Committee on Agriculture, February 15, 1945:

All the early crop loan or seed and feed loan acts as well as the act of Congress, approved January 29, 1937, under which we have operated since that date, state that any such loan shall be secured by a first lien or an agreement to give a first lien upon all crops of which the production or harvesting or both is to be financed. If, however, the loan is for the purchase of feed for livestock to be sold, a first lien on the livestock is required. The loan regulations which have been adopted embody exactly the same requirement as to security. With a congressional mandate to take such security, it becomes our administrative responsibility to see that the crop or stock so pledged is preserved, and, that upon its sale, an accounting is received. Therefore, with respect to current secured loans, it is our policy to require that all sales of security be for the account of the Governor of the Farm Credit Administration, and that the proceeds thereof be applied in liquidation of the debt until the loan is paid in full or all security has been accounted for.

It is our practice to consider that the requirements of the foregoing policy have been met when the security, such as growing crops, was not produced and marketed because of crop failure attributable to reasons beyond the borrower's control or, when the proceeds of authorized sales of security were insufficient to repay the loan in full because of poor markets and other such reasons. In those cases when the security is no longer in existence or has all been accounted for, collected effort on unpaid balances naturally must be governed by a policy that gives due regard to the entirely different circumstances which then prevail.

Accordingly, the policy which has been established to govern collection effort on these old loans is to request payment in accordance with the debtor's ability to pay without undue hardship. If a borrower has acted in good faith and cannot pay because of circumstances beyond his control, such facts receive sympathetic consideration. On the other hand, if there is evidence of the debtor's ability to pay, either in whole or in part, he will be expected to pay in accordance with his means.

No policy, no matter how conceived, can be applied automatically to the many different sets of individual circumstances represented by the thousands of persons who owe old emergency crop or feed loans. It is our custom and practice, therefore, to determine these individual circumstances either by personal calls on the debtor or by letters

of inquiry. In many cases the letters of inquiry or personal calls include or take the form of a request for voluntary payment. It is quite natural that some borrowers may construe such a request for information or voluntary payment as undue collection effort. Nevertheless, it is our administrative responsibility, flowing from Federal law and the regulations of Federal agencies having charge of accountability of Government funds and property, to maintain collection effort on unpaid seed and feed loans within the framework of the foregoing policy.

The integrity of Federal funds, that is, payments which have been made on emergency crop and feed loans, must be preserved. We must be certain that all payments which farmers have made on these loans have not been either misappropriated or erroneously credited. To meet this objective, audit letters of confirmation are sent to all debtors at periodic intervals. These letters contain information as to amount of the original loans and the dates and application of all payments which have been received. In addition, they request the debtor to inform the regional office immediately if proper credit for all payments are not reflected. Such letters of confirmation of accounts may likewise be considered as undue or inconsiderate collection effort, but with other safeguards they are instrumental in preserving the integrity of Federal funds.

I feel that we are on sound ground when it is stated that preliminary requests for voluntary payments, requests for information as to a borrower's circumstances, and periodic letters to confirm accounts are not inconsistent with either the foregoing collection policy or the administrative responsibility imposed on us in the handling of Government business.

Until the passage of Public Law No. 518, during the closing days of the last Congress, we had no means of clearing our records of accounts owed by borrowers who had no ability to make payment, and until the passage of that act we had no authority to make reasonable settlements, by compromise or adjustment, with those borrowers who were unable to pay in full but could pay a lesser amount than that due the Government. Previously, there was no action that could be taken if such information was developed about debtors, or when field men came in contact with and learned the circumstances of individual borrowers. In administering the compromise and adjustment of accounts, we clearly have in mind the cancellation of debt when there is no ability to pay in whole or part, and the compromise and adjustment of debt by directly negotiated settlement with the borrower in accordance with his ability to pay without undue hardship. It is our interpretation of the wishes of Congress, as indicated in section 1 of Public Law No. 518, that such settlements shall be made whenever it is definitely established that (1) the indebtedness has been due and payable for 5 years or more, (2) the debtor is unable to pay in full and has no reasonable prospect of being able to do so, (3) the debtor has acted in good faith in an effort to meet his obligation, and (4) the principal amount of the debt is not in excess of \$1,000.

Our experience in the last few years of good yields and satisfactory prices justifies the action of Congress in providing that these old seed loans shall be compromised, adjusted, or canceled after giving consider-

ation to the ability of the debtor to repay. Thousands of farmers in the High Plains States, where the greatest amount of debt is outstanding, have sent in remittances covering numerous loans on which nothing had been repaid during the first few years following the granting of the loan.

Now these unpaid loans, in many cases, are being paid in full. In numerous cases farmers have stated that such payments on their old seed and feed loans leave them free of debt for the first time in many years, and in a substantial number of cases it has been stated that they have considerable assets after making such payments.

While Public Law 518 permits the disposition of accounts which cannot be collected and authorizes the final settlement, either by compromise or adjustment, of debt for an amount less than that due the Government, we must remember that there are many hundred thousands of accounts which are subject to this treatment at the present time, and that we are unable to increase our field force or office force during wartime. It may not be possible, therefore, to remove these accounts from our records in anything like the time that such action could be taken under ordinary circumstances. However, as these accounts are disposed of and settled by agreement with the borrowers, it will no longer be necessary to contact the debtor in order to determine his ability to meet an obligation to the Government. Further, once an account is removed from our records, it will be no longer necessary to write him with the view of auditing the manner in which Federal funds have been accounted for. The operation of Public Law 518 will remove this source of irritation. On the other hand the accounts, more than 5 years old, which may not be removed from our records in the orderly and sympathetic administration of this act, will consist almost entirely of debts due the Government from borrowers who are obviously able to pay.

A Few Remarks by a New Congressman

EXTENSION OF REMARKS

OF

HON. CLYDE DOYLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 16, 1945

Mr. DOYLE. Mr. Speaker, since recently becoming a Member of this distinguished legislative body, many Members thereof, on both sides of the aisle, have told me that the time to first speak as a new Member was when I felt impelled that I simply must speak out. Also they have urged that precedent in this House did not dictate that a new Member should always be seen and not heard.

I have studied the bill most carefully. There is no mention of Henry Wallace or Jesse Jones therein; yet, having listened to the full debate and discussion on this bill, rule, and motion to recommit, I venture that most of the time has been

[PUBLIC LAW 4—79TH CONGRESS]

[CHAPTER 4—1ST SESSION]

[S. 375]

AN ACT

To provide for the effective administration of certain lending agencies of the Federal Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Loan Agency, created by section 402 of the President's Reorganization Plan Numbered I under authority of the Reorganization Act of 1939, shall continue as an independent establishment of the Federal Government and shall continue to be administered under the direction and supervision of the Federal Loan Administrator in the same manner and to the same extent as if Executive Order 9071, dated February 24, 1942, transferring the functions of the Federal Loan Agency to the Department of Commerce, had not been issued.

SEC. 2. All powers, functions, and duties of the Department of Commerce and of the Secretary of Commerce which relate to the Federal Loan Agency (together with the respective personnel, records, and property, including office equipment, relating to the exercise of such functions, powers, and duties) are hereby transferred to the Federal Loan Agency to be administered under the direction and supervision of the Federal Loan Administrator.

SEC. 3. The unexpended balance of the funds made available to the Secretary of Commerce by Public Law 365, Seventy-eighth Congress, approved June 28, 1944, for administrative expenses of supervising loan agencies, shall be transferred to the Federal Loan Agency to be used for the administrative expenses of that Agency.

SEC. 4. No functions, powers, or duties shall be transferred from the Federal Loan Agency under the provisions of title I of the First War Powers Act, 1941, or any other law unless the Congress shall otherwise by law provide.

SEC. 5. (a) The financial transactions of all Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the current fiscal year.

(b) A report of each such audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress

not later than January 15 following the close of the fiscal year for which such audit is made. The report shall set forth the scope of the audit of each corporation and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus, or deficit; a statement of surplus or deficit analysis; a statement of income and expense; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically every program, expenditure, or other financial transaction or undertaking, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President and to the corporation concerned at the time submitted to the Congress.

(c) The expenses of auditing the financial transactions of all Government corporations as provided in section 5 (a) of this Act may be paid out of appropriations to the General Accounting Office and appropriations in such sums as may be necessary are hereby authorized for the purpose: *Provided*, That by agreement between the General Accounting Office and said corporation the expenses of said audit may be paid from funds of such corporation.

Approved February 24, 1945.